

HANDOVER IN HONG KONG

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AFTER 156 YEARS, BRITAIN CEDES TO CHINA A CITADEL OF CAPITALISM



Amit Gupta/The Associated Press

Tung Chee-hwa, the Hong Kong executive-designate, welcoming Foreign Minister Qian Qichen of China, right, to the colony Sunday.

Tung 'Guarantees' Elections Next May

Compiled by Our Staff From Dispatches

HONG KONG — On the eve of Chinese rule, Hong Kong's future chief executive, Tung Chee-hwa, set a timetable for elections Sunday, and President Jiang Zemin of China pledged to uphold human rights and freedom.

But Washington chided Beijing for its decision to send in 4,000 troops just hours after the handover. Secretary of State Madeleine Albright, visiting here, said it was not "the best way to start off."

Mr. Tung told Foreign Minister Alexander Downer of Australia that elections for a new legislature would be held in May. The shipping magnate, chosen by Beijing to bridge the handover after 156 years of British colonial rule, had earlier promised a vote within a year. But he had not named the month.

"Mr. Tung gave me a guarantee that those elections would take place," Mr. Downer said, "and he expected the elections would take place in May of next year."

The announcement drew scorn from his political opponents in the pro-democracy camp.

A senior Democratic Party member, Andrew Cheng, claimed it was "just a beautiful lie" to deceive the international community.

Meaningful elections are seen here among Mr. Tung's opponents as a crucial test of the future chief executive's credibility, because he has repeatedly emphasized that he would run Hong Kong affairs from the territory without interference from Beijing.

Hong Kong's democratically elected Legislative Council, Britain's parting political gift to its territory and the focus of bitter Chinese-British feuding, will be replaced hours after the handover at midnight Monday (1600 GMT) with a provisional legislature appointed by Beijing.

Several of the territory's most popular lawmakers will be out of a job.

In Beijing, President Jiang renewed China's vow to safeguard the freedoms and capitalist vigor that have made Hong Kong an economic powerhouse.

Mr. Jiang, speaking at a ceremony Sunday in Beijing's Great Hall of the People, vowed to follow strictly the promises China made under the 1984 agreement handing Hong Kong back to Chinese rule.

"We will firmly uphold the principles of 'one country, two systems' and 'Hong Kong people governing Hong Kong' as well as a high degree of autonomy," the official Xinhua press agency quoted him as saying.

China will "safeguard the Hong Kong residents' rights and freedoms in accordance with the law," Mr. Jiang said before setting off on the first leg of his journey to recover Hong Kong for China.

Mr. Jiang later flew to the border boomtown of Shenzhen, where he was to spend the night before

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One Family, 2 Views: Fault Lines Come Clear

By Keith B. Richburg
Washington Post Service

HONG KONG — As a counsel for the Crown and a justice on Hong Kong's highest court, Simon Li wore red robes and a powdered wig and impartially, dispassionately dispensed Britain's justice in its last East Asian colony. But in retirement, the former judge is opinionated and uncompromising — staunchly pro-China, highly critical of the territory's "so-called democrats," he said, and bitterly resentful of the British colonizers he long served.

"With all humility, I was window-dressing — the Chinese Crown counsel," he said of his earliest government post. And now that Hong Kong is about to be absorbed by China, Mr. Li is bursting with patriotic pride. "I am Chinese," he said. "I have a sense of belonging. I am proud of my Chinese identity."

A unique city peers into an uncharted future.
- **Europeans' deep roots in Hong Kong.** *Page 4.*
Asian envoys criticize West's approach to China.
- **Can Hong Kong's dynamism survive?** *Page 5.*

Gladys Li is in many ways her father's daughter — a Cambridge-educated lawyer who speaks in British-accented English. But in their politics, father and daughter are poles apart. Where the elder Li eagerly awaits Hong Kong's return to the Motherland, his daughter feels anxiety and trepidation.

"I have very mixed feelings about it," said Miss Li, a former bar association chairman and an outspoken proponent of democracy. "A lot of people are obviously nervous about Hong Kong transferring to the sovereignty of a nation that's under Communist rule." She added: "I don't feel particularly Chinese, because I was born in England. I don't feel I'm returning to my motherland."

The differences between the Lis, father and daughter, reflect the ambivalence Hong Kong as a whole is feeling on the eve of this colony's transition to Chinese rule.

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Romeo Gacad/Agence France-Presse

Police surrounding pro-democracy activists as they set up a banner of the Goddess of Democracy on Sunday near the Hong Kong Convention Center, where the handover to China will take place.

Labor's Equal Role Gets A 2d Look in Germany

Why Keep Workers in the Boardroom?

By John Schmid
International Herald Tribune

COLOGNE — The president of the Federation of German Industry wants to advance the nation's economic restructuring by challenging a bedrock tenet of the German economic model: the automatic entitlement of workers to half the seats in company boardrooms.

"This thing that we celebrated 20 years ago is not making it," said Hans-Olaf Henkel, referring to the landmark 1976 law that ensures a parity of worker representation, and influence, unique in the world.

No one of Mr. Henkel's stature has ever seriously dared to call the workers' representation system into doubt. But the leading lobbyist for German business is raising the issue now, he said, because Germany faces its first significant opportunity to hold a genuine national debate on the system.

Speaking in an interview in his office in Cologne, the former boss of IBM Europe said that two decades of experience had laid bare "a couple of serious disadvantages" in the system.

But any effort to weaken *Mitbestimmung*, or co-determination, as the system is called, puts Mr. Henkel at risk of a powerful backlash. Co-determination is practically sacrosanct in the German labor movement, a linchpin of what many Germans still proudly call their "social-market" economy. Unions have consistently rejected the slightest encroachment on their right to elect half of the members of a company's board of supervisors, portraying it as the key to industrial harmony.

In the view of corporate Germany, opt-out clauses from co-determination would give the nation back some of its competitive edge in the age of economic globalization. For years, entrepreneurs have grumbled about the irksome ritual of binding social consensus, which forces managers to modify each initiative so it passes muster with the work force.

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U.S. Arms Makers Lobby For NATO Expansion

By Jeff Gerth and Tim Weiner
New York Times Service

WASHINGTON — At night, Bruce Jackson is president of the U.S. Committee to Expand NATO, giving intimate dinners for senators and foreign officials. By day, he is director of strategic planning for Lockheed Martin Corp., the world's biggest weapons maker.

Mr. Jackson says he keeps his two identities separate, but his company and his lobbying group are fighting the same battle. Defense contractors are acting like globe-hopping diplomats to encourage the expansion of the North Atlantic Treaty Organization, which will create a huge market for their wares.

Billions of dollars are at stake in the next global arms bazaar: weapons sales to Central European nations invited to join NATO. Admission to the Western fraternity will bring political prestige, but at a price: playing by NATO rules, which require Western weapons and equipment.

"The stakes are high" for arms makers, said Joel Johnson, vice president for international affairs at the Aerospace Industries Association, a trade group. "Whoever gets in first will have

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Start of a New Era for China, and the First Test

Beijing Leaders' Year of Judgment

By Patrick E. Tyler
New York Times Service

BEIJING — Like no other event in China's modern history, the return of Hong Kong to Chinese rule at midnight Monday marks not only the recovery of lost territories, but also the beginning of a new era.

Call it the post-Deng era.

China has been looking for a starting point since the paramount leader, Deng Xiaoping, died in February and left the fate of the nation in the hands of a younger generation of Communist Party leaders whose stature will never rise to his or Mao's level.

That is perhaps why these younger men are so eager to take credit for the end of China's century and a half of shame, and to trumpet the victory they have been fortunate to share in. Emperors failed; China's Nationalist governments under Sun Yat-sen and Chiang Kai-shek failed. But a band of Communists — the successors of Mao —

NEWS ANALYSIS

have fulfilled the dream of every patriotic Chinese.

The victory radiates out across a century of nurtured grievances that arise from China's suffering at the hands of foreigners, from the humiliations during the Opium Wars in the 19th century to the atrocities inflicted by Japan in World War II.

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'One Country, 2 Systems': Will It Work?

By Keith B. Richburg
Washington Post Service

HONG KONG — At the stroke of midnight Monday, when Britain relinquishes its prosperous Crown Colony of Hong Kong to the Communist-run People's Republic of China, a bold and untested experiment to wed two vastly different systems and lifestyles will begin.

Never before has an unabashedly capitalist, politically open society been absorbed peacefully into an avowedly communist state that rigidly controls personal freedom. (North Vietnam's takeover of the capitalist South 22 years ago, by contrast, was a forced marriage.)

China's leaders, keenly aware of the high stakes and the intense interest of the world, have signed a guarantee that Hong Kong can maintain its separate system and lifestyle for 50 years, under a formula known as "one country, two systems." If it works here, Beijing's leadership hopes the same formula might one day be used to persuade its breakaway province of Taiwan to give up any independence aspirations and return to "the motherland."

But will it work?

Even China's many backers here say the marriage will not be an easy one. Tensions inevitably will arise. There will be disputes between officials in Beijing and Hong Kong over the meaning and interpretation of the sometimes

See FORMULA, Page 8

A Plan With Teeth Backfires on Tyson

He's Disqualified for Biting Holyfield's Ear

By Tim Kawakami
Los Angeles Times

LAS VEGAS — Mike Tyson drew blood, and the stain of his actions might never be washed away, for him or for the sport he once ruled.

In what was billed as the biggest fight in boxing history Saturday night, Tyson twice spit out his mouthpiece and bit Evander Holyfield during clinches in the third round, apparently in retribution for a second-round butt by Holyfield. This wasn't history, it was hysterics.

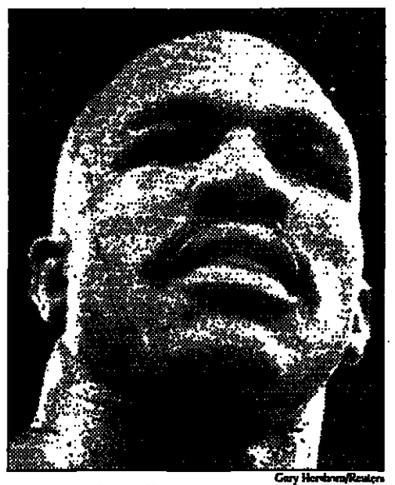
The first bite took a chunk out of Holyfield's ear and the second, coming only 23 seconds later, caused the referee, Mills Lane, to disqualify him in this World Boxing Association heavyweight title fight at the end of the third round.

"He spit out his mouthpiece and bit me on the ear," said Holyfield, who reacted furiously both times he was bitten, the first time drawing a savage push into the ropes from Tyson while Holyfield's back was turned.

Lane penalized Tyson two points (one for the bite, one for the push) after the first bite — which occurred with 33 seconds left in the third round — then warned Tyson that he would disqualify him if he bit Holyfield again.

After Lane gave Holyfield about four minutes to recover, with blood streaming from his ear, Tyson bit him again in another clinch with 10

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Gary Hershorn/Reuters

Evander Holyfield, after a piece of his right ear was bitten off by Mike Tyson.

AGENDA

Albanians Vote in Bid to Restore Order

After four months of virtual anarchy, in which 1,600 people have been reported killed, the people of Albania cast ballots Sunday for a legislature, hoping to return the country to orderly government. Some polling observers remarked that the voting seemed to be going properly, but at least one election official was shot to death while he was in a voting booth and there were reports of armed bands intimidating voters in some election districts. Other sites reported theft and damage to ballots. Page 6.

PAGE TWO
Making Death Harder

ASIA / PACIFIC Page 7.
14-Year-Old Arrested in Beheading

5 Killed in Pakistan In Muslim Rivalry

LAHORE, Pakistan (Reuters) — Gunmen on motorcycles killed at least five people, four of them in a mosque, in apparent Muslim sectarian attacks here, the police said Sunday.

The attack at the Sunni mosque followed the killing of a Shiite sect activist, Jaffer Hussain, who was shot at his office by two gunmen riding a motorcycle, the police said.

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A 'Deserted' Patient / **Loss of Suicide Option**

Making Death Harder

By Amy Goldstein
Washington Post Service

PITTSBURGH — The pain had become gnawing, and the chemotherapy was filling Cynthia Onan's days with constant nausea but doing little to slow the march of cancer through her lower abdomen. Seven months before the Supreme Court upheld laws that forbid doctors to assist in suicide, she sat in her physician's examination room and tried to ask him to help her die.

"I am aware I might go out in a singularly uncomfortable way," the 62-year-old English professor began. She wanted to know "how you feel you would treat me during my last days."

The young family doctor squirmed. Medicine had developed ways to keep patients comfortable, he said. But he would never pull the plug, never break the law. It was not for him to play God.

Professor Onan had not stated what she really had in mind: A prescription for a narcotic potent enough that when her life seemed intolerable, she could bring about her death. But in the elliptical way that patients and doctors often talk about death, she had the answer she had feared. He would refuse.

Her cancer continues to advance, and she continues to believe she eventually will take her own life. She is not certain how. She has begun to save painkillers but does not have nearly enough, she says, "to do the job neatly."

With its ruling last week, the Supreme Court made her intention more difficult to accomplish. In finding that patients have no constitutional right to physician-assisted suicide, the justices did not foreclose the possibility that some states may legalize the practice. Nor did they seek to curtail the debate among doctors, politicians and ethicists.

But even the prospect of a vigorous debate is of no solace to Professor Onan, who believes she has perhaps a few months to live. "The court has failed me utterly," she said, sitting on her deck in a Pittsburgh suburb the day after the decision.

Pennsylvania is one of 44 states that criminalize assisted suicide. In five states, the law is silent. Only in Oregon, where voters face an assisted-suicide referendum for the second time this fall, is there any likelihood the practice may become legal soon.

In such a climate, Professor Onan said, the Supreme Court has said, "'You'll have to wait until we finish our dialogue,'" but as somebody who is dying, she said, "I feel deserted."

She is, in some ways, an unlikely champion of suicide. A woman who treasures books and adventurous travel, she is 14 years into a happy second marriage. From her first marriage, she has four daughters and a son. A faculty member at the University of Pittsburgh since 1966, she helped to found the women's studies program there. She is fascinated by myth and comparative religions. She describes her own faith as "Judeo-Christian Buddhist with a little bit of Sufi thrown in there."

She was unaware anything was wrong until her gynecologist felt a mass during a routine checkup in December 1995. The following month, she made her husband, Lee, promise to tell her the truth the moment she awoke from surgery. After a six-hour operation, in which doctors removed one-third of her large and small intestines, she looked up at him as he said, "Dear, it's cancer." It was ovarian cancer that had spread.



Jason Grow/The Washington Post

Cynthia Onan of Pittsburgh, who is terminally ill with cancer and expects to live only a few months longer, feels that the Supreme Court 'has failed me utterly' with its decision upholding state laws – like Pennsylvania's – that criminalize physician-assisted suicide.

FIRST came leave from work, chemotherapy and the bargains with God. Then one clear spring day a year ago, she was meditating on the deck when she noticed a cloud form, then drift, then dissolve. "As I will dissolve," she recalls thinking. Death seemed a natural thing.

And she remembered a cousin, a big man with a booming voice who developed colon cancer five decades ago. In his final days, down to 90 pounds and in intense pain, his doctor told the family he would end his suffering by injecting air into a vein. The family considered the doctor merciful. Ending her own life, Professor Onan came to believe, would spare pain for her family and herself.

She found herself shedding possessions last summer. She gave away a dozen trash bags filled with clothes and two dozen cartons of books.

A few months ago, she abandoned chemotherapy. It wasn't slowing the cancer, and it filled her with such constant nausea that she could not concentrate even when her eldest daughter, Kate, sat by her side, reading favorite essays aloud.

Now she has a new oncologist and has decided to try another chemotherapy. But hope is tempered by the fine print of the accompanying pamphlet, in which she learned that the median survival for ovarian cancer patients who try it is 3.9 months.

Professor Onan's pain is more controlled now with a fentanyl patch, and she still has the strength to walk in the woods on pleasant days. But she avoids crowded places; her resistance to infection is too low. And because her digestion is impaired, she has not swallowed solid food in seven months. A month ago, she told her English department chairman she would not be coming back.

She has a living will. No extraordinary drugs, she has instructed. No artificial life support. And although she is fond of the nurses and the pastoral counselor who have begun to visit from a local hospice — and has been told of hospice workers' skill in controlling pain — she worries that her final suffering will be unmanageable. "That makes me as nervous as the devil," she says. She has told the hospice workers of her plans.

"Life is a gift. I don't take it from myself with anything like a flip attitude," she said. "But, my feeling is, I would damage people worse by hanging on and watching them watch my misery."

Yet given the state of the law, it has been difficult to find the means to kill herself. After her conversation with her family practitioner, she has not mentioned the topic to her other doctors.

LESS than two months ago, she and her husband came across the book "Final Exit" by Derek Humphry, founder of the Hemlock Society. Inside, she discovered charts listing combinations of drugs that can prove fatal in specified amounts. Now her desk holds new books on "the practicalities," as she puts it.

She met recently with a Unitarian minister who has helped other terminally ill people find ways to commit suicide. She now thinks she knows how to try to secure enough pills, perhaps from a sympathetic doctor out of town. Her husband and daughters are willing to be present at the end. So are her daughters. But she wants to be careful not to implicate anyone else in an illegal act. "I may go down the road to a motel," she said.

And although she is comfortable with her decision, she wonders how it will be judged.

"Why would there be some kind of futzy Saint Peter saying, 'You can't come in here. You don't have the right credentials.' And all my credential would be is I suffered until the end, and I didn't take my own life. If what I am doing is morally or ethically or religiously wrong, I would have to trust in some sort of forgiveness. It will be an honest mistake."

The Norm: Passive Euthanasia

By Gina Kolata
New York Times Service

NEW YORK — When the Supreme Court ruled that states may continue to ban doctor-assisted suicide, it addressed the kind of death in which doctors actively help patients to kill themselves.

What was not considered in that decision is that nowadays many, if not most, Americans die because someone — doctors, family members or they themselves — has decided that it is time for them to go.

What might be called managed deaths, as distinct from suicides, are now the norm in the United States, doctors say.

The American Hospital Association says that about 70 percent of the deaths in hospitals happen after a decision has been made to withhold treatment. Others die when the medication they are taking to ease their pain depresses, then stops, their breathing.

There is less information on the deaths that occur in nursing homes and in private homes. But doctors say they often discharge patients from a hospital with the implicit understanding that they are sending them home to die, with a morphine drip for pain or without the ministrations of what they would call overzealous doctors at a hospital who might start antibiotics to quell a fever or drugs to stabilize a fluttering heart.

"It's called passive euthanasia," said Norman Fost, director of the Program in Medical Ethics at the University of Wisconsin. "You can ask who's involved and is it really consensual, but there is no question that these are planned deaths. We know who is dying. Patients aren't just found dead in their beds."

Doctors, Dr. Fost said, decide not to provide antibiotics to treat an infection, or they withdraw drugs that maintain a patient's blood pressure, or they remove a patient from a ventilator.

Maurie Markman, a gynecological cancer specialist at the Cleveland Clinic, said a typical case might involve a woman with ovarian cancer who at first responded to chemotherapy but whose cancer now seemed impervious to the powerful drugs, and had developed bowel obstructions.

He could operate to try to remove the obstructions, but the chances are that it would do no good. Or, he said, "you can put a tube in to drain her stomach so she doesn't throw up." But then, he added, "you have to ask the woman, Is that what you really want?" She would have to live with that tube for the rest of her life.

Dr. Markman tells the woman that he wants to focus on her symptoms rather than on her underlying disease. He sends her home with pain medications if she is in pain and anti-nausea drugs if she is nauseous, but the woman will never eat or drink again because of her obstructions. She will not return to the hospital for any sort of aggressive treatment.

Dr. Markman said he never bluntly tells the woman that there is no hope and she is going to die, but he, and probably she, know what is going to happen — and soon.

"My intent always is to relieve suffering," Dr. Markman said. "If that's my goal, I can look myself in the eye. I can go to sleep at night."

Russia's Space Program Takes a Blow From Mir

By David Hoffman
Washington Post Service

MOSCOW — Vasili Tsibliyev, commander of the Russian space station Mir, was twisting a joystick in each hand Wednesday, trying to maneuver an unmanned cargo drone into a docking port.

But even with control directly in his hands, something went wrong. The cargo drone, Progress M-34, lurched into Mir at five times the normal speed, the Russians say, puncturing a research module and raising again questions about the viability of Russia's troubled space program.

Once the pride of the Soviet Union and a visible symbol of its superpower status, space exploration in post-Soviet Russia has fragmented in ways that mirror deeper rifts in this turbulent society.

Yuri Gagarin, the first Russian cosmonaut, still stands proudly with his chest thrust forward and his hands swept back in a giant monument in the middle of Moscow, but all around him is evidence of a new, more difficult era.

In business, Russia has found its place in space — with powerful Proton rocket boosters, which are a commercial success. But other space ventures have failed, including a Mars probe that fell back to Earth shortly after liftoff.

The Buran, a Soviet copy of the American space shuttle, flew only once and was shelved. Now, a discarded test skeleton of the shuttle is an attraction at the Gorky Park recreation center.

Strapped for cash, Russia had to struggle for months to meet its commitment to finance and build components for the future International Space Station as part of a multinational effort including the United States, Canada, Japan and the European Space Agency.

And the 11-year-old Mir, the world's first space station, lumbers through the cosmos like a creaky old bus, often in need of repair and plagued by emergencies, including the fire that broke out Feb. 23 in a solid-fuel oxygen-generating canister, spewing smoke into the station until it was extinguished by the crew.

Russia has been forced to squeeze the vast, ambitious and well-funded Soviet space program into a country, an economy and a budget that are far smaller than a decade ago.

In 1987, when the United States was reeling in the aftermath of the Challenger explosion, Time magazine headlined: "The Soviets overtake the U.S. as the No. 1 space-faring nation."

Now, the far-flung Soviet-era space design bureaus and factories are isolated and crumbling, the giant military-industrial complex that supported the space program has dried up and Russia is left desperately trying to succeed with what it has left.

"Space is one of the few things they can claim world-power status in," said a Western specialist. "Even in athletics, since the country got smaller, they can't count on dominating the Olympics. They aren't going to take the car market away from the Japanese any time soon."

This desire to remain an important player in space helps explain why Russian officials are reluctant to abandon the Mir space station, despite the increasing frequency of dangerous mishaps. The Mir, 107 feet (33 meters) long, was launched in 1986 and was intended to remain in space only until 1994. Later, its life span was recalculated to 1997.

Now, the Russians hope to keep it aloft for two more years, making repairs, as their ticket to participation in the future international space station.

Moreover, the Mir has been a success. The Russians have more experience with long-term survival in space than anyone else, with a space station program stretching back nearly three decades.

Except for two brief periods, Russian cosmonauts have lived aboard Mir continuously for nine years. The Mir is a precursor of the international space station to be assembled between mid-1998 and 2003.

At a time when the Russian government is slashing most budgets, the Mir remains an important source of money for the Russian Space Agency. A five-year agreement with the National Aeronautics and Space Administration will bring the Russians $473 million, with additional millions coming from French, German and other space passengers.

The dollar payments are especially valuable because much of Russia's government-funded space program does not receive cash. Rather, the government

The 11-year-old Mir lumbers through the cosmos like an old bus.

gives out paper — usually promissory notes issued through commercial banks, in exchange for goods and services. Ultimately, the notes are redeemed for only 85 percent of their face value, according to Sergei Gromov, spokesman for Energiya, the Russian rocket builder.

"For us, the experiments on Mir are our main work. There is no way we can drop it, give it up, or make it secondary," said Mr. Gromov. Despite the seriousness of the accident, he added, "It does not frighten us."

"Of course, it affects our prestige, not in the best way," he added. "When Apollo 13, the famous epic story, faced a failure of the engines, the difficult conditions were presented as great heroism of the American astronauts."

"From the point of view of our equipment, safety and hardships, Russian personnel have all the reasons to be proud as well," Mr. Gromov declared.

The Mir has six laboratory modules and several docking ports, including one adapted for the American space shuttle. In addition to the central 20-ton core, there are special scientific modules — Kvant, Kvant 2, Kristall, Spektr and Priroda — which have been added over the years. In the accident with the cargo drone, a hole was punched in Spektr, which was launched in 1995.

Americans on Mir often have commented on how much of the Russians' time is spent fixing the ship. Jefry Linenger, who was on the Mir in February when the fire broke out, said later, "You have to jury-rig some things, and you have to do repairs using less than ideal hardware." Michael Foale, the American aboard Mir, said before the accident that the Russians were working "harder and harder" to fix the space station, involving "continuous repair work." But he stressed that he enjoyed helping the Russians "just fixing tubes and using a wrench."

When the crash occurred Wednesday, the commander was testing a new manual docking system. According to Mr. Gromov, it was being employed because the old, automatic system, which had been in use for 15 years, had flaws.

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TRAVEL UPDATE

Flooding Hits North Italy

SONDRIO, Italy (Reuters) — Forecasts of more rain Sunday prompted fears of more flooding and mud slides in northern Italy, and civil protection officials warned people to avoid unnecessary travel.

At least two people have been killed by the flooding or road accidents caused by landslides in the last days in Lombardy and other northern regions.

But the threat of serious flooding of the Adige River in the Trentino and South Tyrol regions near the Austrian border abated as the level of the river began to fall.

Transit Aid for the Blind

ROTTERDAM (AFP) — Blind and partly sighted rail passengers are to begin testing a new electronic guidance system in a Rotterdam train station Monday.

The system, dubbed OPEN — Orientation of Persons through Electronic Navigation — uses infrared transmissions on a portable receiver equipped with earphones.

After the test in Rotterdam ends July 11, the system will be tried in Paris at the Chatelet Metro station, and at Heathrow and South Kensington on the London Underground.

Jordan has rejected an Israeli proposal to handle security at an expanded airport that would serve Eilat in Israel and Jordanian cities on the Gulf of Aqaba. A spokesman for the Civil Aviation Authority said Sunday that the proposal was rejected as an infringement of Jordan's sovereignty. *(AP)*

A typhoon fizzled out after cutting across the Japanese islands into the Pacific on Sunday, leaving three people dead or missing and 38 injured in heavy winds and downpours. *(AFP)*

The first section of a new subway in the southern Chinese city of Guangzhou opened Saturday, a Beijing news report said. It is the fourth city in China to have a subway, after Beijing, Tianjin and Shanghai. *(AFP)*

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Canada, Colombia, Republic of Congo, Guatemala, Hong Kong, Macau, Seychelles, Sudan.

TUESDAY: Bangladesh, Botswana, Burundi, Canada, Ghana, Guatemala, Hong Kong, Macau, Pakistan, Rwanda, Somalia, Suriname, Taiwan, Thailand.

WEDNESDAY: Hong Kong, Macau.

FRIDAY: Bosnia-Herzegovina, Iran, Puerto Rico, Rwanda, Serbia, United States.

SATURDAY: Algeria, Armenia, Czech Republic, Slovakia, Venezuela.

Sources: J.P. Morgan, Reuters, Bloomberg.

WEATHER

Europe

	Today High C/F	Today Low/W C/F	Tomorrow High C/F	Tomorrow Low/W C/F
Algarve	19/66	14/57 pc	23/73	14/57 pc
Amsterdam	21/70	13/55 sh	19/66	10/50 pc
Ankara	27/80	10/50 pc	28/82	13/55 pc
Athens	32/89	23/73 s	33/91	24/75 pc
Barcelona	18/64	11/52 pc	21/70	15/59 pc
Belgrade	37/98	19/66 s	28/82	14/57 pc
Berlin	31/88	17/62 s	24/75	14/57 pc
Brussels	17/62	12/53 r	20/68	10/50 pc
Budapest	36/97	18/64 pc	27/80	15/59 sh
Copenhagen	20/84	17/62 pc	24/75	14/57 sh
Costa Del Sol	21/70	13/55 s	25/77	16/61 s
Dublin	18/64	10/50 pc	17/62	9/48 pc
Edinburgh	18/64	6/43 pc	13/55	9/37 pc
Florence	24/75	11/52 pc	24/75	13/55 pc
Frankfurt	33/91	18/64 pc	25/77	14/57 pc
Geneva	18/64	8/46 sh	21/70	11/52 pc
Helsinki	23/82	19/66 pc	23/84	19/66 pc
Istanbul	29/84	19/66 s	31/88	21/70 pc
Kiev	30/86	19/66 s	30/86	21/70 pc
Las Palmas	23/73	18/64 s	24/75	19/66 pc
Lisbon	18/64	12/53 pc	21/70	12/53 sh
London	20/68	11/52 pc	21/70	11/52 pc
Madrid	22/71	8/46 pc	27/80	11/52 pc
Mallorca	18/64	12/53 pc	20/68	16/61 pc
Milan	22/71	13/55 r	24/75	14/57 c
Moscow	26/82	18/64 pc	29/84	21/70 pc
Munich	25/77	11/52 pc	19/66	10/50 c
Nice	20/68	14/57 pc	21/70	14/57 s
Oslo	23/77	17/62 c	26/79	19/61 r
Paris	16/61	11/52 r	19/66	9/48 pc
Prague	29/84	14/57 c	23/73	11/52 pc
Reykjavik	13/55	9/48 pc	13/55	10/50 c
Riga	31/88	21/70 pc	31/88	20/68 s
Rome	24/75	12/53 s	24/75	16/61 pc
St. Petersburg	27/80	18/64 s	28/82	21/70 s
Stockholm	27/80	19/66 pc	28/82	18/64 c
Strasbourg	21/70	11/52 c	19/66	9/48 c
Tallinn	26/82	18/64 pc	29/84	19/66 pc
Tbilisi	30/86	18/64 c	32/89	20/68 c
Venice	24/75	14/57 pc	23/73	12/53 c
Vienna	32/89	18/64 pc	24/75	14/57 pc
Warsaw	36/97	21/70 pc	29/84	16/61 sh
Zurich	20/68	10/50 c	17/62	10/50 c

Middle East

Abu Dhabi	37/98	24/75 s	38/100	26/79 r
Beirut	26/79	20/68 s	27/80	19/66 pc
Cairo	36/97	21/70 s	34/93	18/65 pc
Damascus	31/88	14/57 s	30/86	14/57 s
Jerusalem	29/84	15/59 s	27/80	14/57 pc
Luxor	42/107	19/66 s	42/107	22/71 sh
Riyadh	41/106	25/77 s	41/106	26/79 s

Forecast for Tuesday through Thursday, as provided by AccuWeather.



Jetstream · Unseasonably Cold · Unseasonably Mild · Heavy Rain · Heavy Snow

North America
Warm and humid in the East with scattered thundershowers; heavier downpours are likely in the Carolinas. Sunny, hot and dry from the Southwest into the southern Plains. Thunderstorms will rumble from the northern Plains to the Great Lakes; some will be severe with heavy downpours.

Europe
Windy and cool over England through Thursday with some showers in the south. Most of France and Germany will be cloudy and cool with showers, while heavier rains will be likely in Poland and southern Scandinavia. Some thunderstorms in the Balkans, but very warm and dry in Ukraine and Belarus.

Asia
Warm and humid in Tokyo with just the chance of a thunderstorm each day; thunderstorms are more likely across Korea. Hot and dry in northeastern and western China, but a broad area of rain and thunderstorms will reach from near Xian into Sichuan province and northern Myanmar.

North America

	Today High C/F	Today Low/W C/F	Tomorrow High C/F	Tomorrow Low/W C/F
Anchorage	23/73	12/53 s	20/68	12/53 pc
Atlanta	30/86	21/70 t	31/88	21/70 pc
Boston	33/91	20/68 s	28/82	18/64 pc
Chicago	31/88	19/66 pc	30/86	19/66 pc
Dallas	36/97	23/73 s	36/97	24/75 s
Denver	34/93	14/57 s	32/91	13/55 s
Detroit	29/84	18/64 t	27/80	19/66 sh
Honolulu	29/84	21/70 pc	30/86	22/71 sh
Houston	34/93	23/73 s	34/93	24/75 pc
Los Angeles	26/77	12/53 s	30/86	15/59 pc
Miami	33/91	25/77 s	32/89	24/75 pc
Minneapolis	30/86	21/70 pc	30/86	17/62 pc
Montreal	30/86	18/64 pc	28/82	19/66 pc
Nassau	31/88	22/71 s	31/88	24/75 pc
New York	31/88	20/68 s	27/80	19/66 pc
Orlando	33/91	22/71 pc	33/91	22/71 pc
Phoenix	41/106	24/75 s	43/109	26/79 s
San Fran.	22/71	11/52 pc	21/70	11/52 pc
Seattle	20/68	12/53 c	20/68	11/52 c
Toronto	28/82	18/64 t	27/80	16/61 sh
Vancouver	18/61	11/52 r	19/64	8/46 pc
Washington	34/93	20/68 pc	28/82	21/70 c

Asia

	Today High C/F	Today Low/W C/F	Tomorrow High C/F	Tomorrow Low/W C/F
Almaty	35/95	18/61 s	35/95	18/64 s
Bali	32/89	22/71 pc	31/88	21/70 sh
Bangkok	31/88	24/75 t	32/89	26/79 pc
Beijing	37/98	27/80 s	34/93	24/75 pc
Bombay	31/88	26/79 r	30/86	26/79 c
Calcutta	33/91	26/77 r	32/89	26/79 r
Chiang Mai	33/89	22/71 r	33/91	24/75 pc
Colombo	31/88	26/79 pc	30/86	25/77 pc
Hanoi	31/88	27/80 r	32/89	26/79 pc
Ho Chi Minh	32/89	23/73 r	32/89	24/75 c
Hong Kong	29/84	28/79 r	29/84	25/77 pc
Islamabad	42/107	26/79 s	42/107	24/75 t
Jakarta	31/88	23/73 pc	31/88	23/73 pc
Karachi	34/93	25/77 s	33/91	26/79 sh
K. Lumpur	32/89	23/73 pc	32/89	23/73 pc
K. Kinabalu	30/86	21/70 pc	31/88	22/71 pc
Manila	32/89	23/73 pc	32/89	24/75 pc
New Delhi	43/107	31/88 s	38/100	27/80 sh
Phnom Penh	31/88	23/73 r	32/89	24/75 c
Phuket	31/88	24/75 r	30/86	26/79 pc
Rangoon	31/88	24/75 r	32/89	25/77 pc
Seoul	29/84	21/70 pc	29/84	21/70 pc
Shanghai	31/88	24/75 sh	30/86	23/73 c
Singapore	31/88	22/71 pc	31/88	23/73 pc
Taipei	33/89	24/75 r	31/88	24/75 c
Tokyo	25/77	21/70 s	27/80	23/73 pc
Vientiane	31/88	27/80 r	32/89	26/79 pc

Africa

Algiers	23/73	13/55 s	26/82	17/62 pc
Cape Town	11/52	5/41 pc	14/57	8/46 pc
Casablanca	19/64	13/55 pc	22/71	17/62 s
Harare	27/80	13/55 pc	25/77	13/55 pc
Lagos	28/82	22/71 r	28/82	23/73 c
Nairobi	23/73	12/53 sh	25/77	12/53 pc
Tunis	27/80	14/57 s	27/80	17/62 pc

Latin America

Buenos Aires	8/46	1/34 pc	10/50	-2/29 pc
Caracas	30/86	24/75 c	31/88	24/75 pc
Lima	21/70	17/62 c	22/71	17/62 pc
Mexico City	23/73	12/53 c	24/75	13/55 pc
Rio de Janeiro	29/79	18/66 pc	24/75	18/66 pc
Santiago	13/55	1/34 s	12/53	-1/31 pc

Oceania

Auckland	13/55	12/53 r	14/57	13/55 r
Sydney	15/59	11/52 r	14/57	8/46 pc

Legends: s-sunny, pc-partly cloudy, c-cloudy, sh-showers, t-thunderstorms, r-rain, sf-snow flurries, sn-snow, Hc-ice, W-Weather. All maps, forecasts and data provided by AccuWeather, Inc. © 1997

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Bold but Tired, Court Blazes Judicial Trails

By Joan Biskupic
Washington Post Service

WASHINGTON — One Supreme Court justice went two nights without sleep. Another, struggling to write his dissenting opinion, repeatedly missed deadlines for passing a draft around to colleagues. A few stumbled wearily as they read aloud the court's final rulings from the bench. Chief Justice William Rehnquist caught himself announcing a case with a citation from 1987, not 1997, corrected himself and sighed.

As the nation's high court justices last week completed an exceptional rush to finish out the term, they delivered a series of decisions that, more than any in recent memory, will have an immediate, substantial impact on American lives.

The justices spoke to the desperation of the terminally ill as well as to the anxieties of parents and concerns of civil libertarians struggling with pornography on the Internet. They addressed claims of religious bigotry and community fears of sexual predators. And they laid down new rules for the interminable tug of war between Washington and the states over their roles in dealing with social concerns.

This was a term in which the work of nine justices — individual, fallible, but, collectively, final — thoroughly intersected with the lives of Americans.

In an era when the federal government works incrementally and often without obvious consequence, this court moved decisively to setting benchmarks for the next century. It was not just another term affirming previous rulings on abortion protests (though there was that) or interpreting established anti-discrimination statutes (there was that, too). This was a watershed term for entering arenas, cyberspace and assisted suicide, into which the high court had never been.

A Stanford University law professor, Gerald Gunther, characterized the term as one of great social and constitutional moment.

"The cases showed the mythology of the court, large in American life, and the actuality of the court as a defender of the constitution," he said.

Indicative of the difficulty of the issues in this October-to-June term, nearly every big case — even some that were argued last fall — was decided in the past 10 days. And not with ease. In any term, there is a last-minute rush when the justices are circulating draft opinions and trying to corral votes on their side. But there is a 5-to-4 rift on the court that appeared often this term. In the final days on these emotional cases, justices on each side often jockeyed to state their case more powerfully.

The five who most consistently stand together are Chief Justice Rehnquist and the Justices Anthony Kennedy, Sandra Day O'Connor, Antonin Scalia and Clarence Thomas. Justice Kennedy and Justice O'Connor sometimes swing over to more liberal positions but there was an unusual cohesiveness this term among the five.

The signature of this group is an effort to strengthen state sovereignty and diminish the reach of federal authority.

On social issues, the court is harder to typecast. Ruth Bader Ginsburg and John Paul Stevens, for example, were in their traditional roles standing apart from the Rehnquist five in a decision permitting public schoolteachers to provide remedial help to students at parochial schools. (The majority said it did not violate constitutional separation of church and state.) But in a separate case both endorsed a standard that makes it easier for governments to interfere with religious practices in some cases and said Congress had gone too far in passing a religious freedom bill.

In that case, City of Boerne v. Flores, the majority struck down a statute that would have allowed governments to infringe on religious practices only if they have a health, safety or other "compelling interest" in doing so. Justice O'Connor ended up dissenting with particular passion, saying the court had harmed religious liberty: "Our nation's founders conceived of a republic receptive to voluntary religious expression, not of a secular society in which religious expression is tolerated only when it does not conflict with a generally applicable law."

In the Internet case, the justices decided that a broadly written law to keep indecent materials off the Internet intruded on the free speech rights of adults. In trying to deny minors access to pornography, Justice Stevens said, the law effectively suppressed the free speech rights of adults. "The level of discourse reaching a mailbox simply cannot be limited to that which would be suitable for a sandbox," he wrote.

To prepare for their first case relating to cyberspace, the justices signed onto the Internet, some for the first time. In a place where old-fashioned is the fashion, this was itself remarkable; the court gives away quill pens as souvenirs and some of the justices still write draft opinions in longhand.

The Internet case also shows how the usual rules of politics die at the court's door. While Congress and President Bill Clinton enthusiastically signed onto legislation banning pornography on the Internet, partly in the name of family values, even the two justices most often associated with the ideological right — Justice Scalia and Justice Thomas — did not hesitate to reject legislation that trod on free speech.

So much of the court's work is shrouded in secrecy that it is difficult to truly know what the justices were thinking — beyond the final words of their opinions — or how much those rulings changed in the final days.

Lights in some chambers were on well past midnight. Until Friday, when the court finally delivered its last decree, the staff did not know when the end would come. Chief Justice Rehnquist had hoped to hand down the last ruling by Thursday. But last-minute judicial haggling on the Brady gun-control law precluded that. Justices Stevens and David Souter, dissenting on the case, sparred behind the scenes with Justice Scalia, who wrote the majority.

By the time that ruling, striking down part of a handgun control law, was announced Friday morning, two of the court's black leather chairs were empty. Chief Justice Rehnquist and Justice O'Connor already had left town. The chief justice had put great pressure on his colleagues to finish last week and not trail into the first few days of July. Mere discipline may partly have been his message, but he also had tickets for Rome.

New Tax Law Abounds in Breaks for A Select Few

By Clay Chandler
Washington Post Service

WASHINGTON — To hear its proponents tell it, the big winners of the tax legislation approved by the House and Senate last week would be hard-working middle-class parents, students struggling to finance a college education and businesses and investors who generate new jobs.

But a host of others would cash in, too.

Clinging to both tax plans are scores of detailed proposals to slash taxes for a variety of people and small businesses, including bakery companies, apple cider distillers, low-income farmers, luxury boat owners, sky-diving instructors and even whaling captains.

Under provisions in the House and Senate tax bills:

- Truck drivers, airline pilots and laborers in Alaskan fishing camps could claim more generous deductions for meals away from home.
- Friends and relatives of business executives would be spared the expense and inconvenience of reporting fringe benefits when they hitch a ride on a corporate jet.
- States served by the railroad Amtrak would be able to tap into a new federal Inter-city Railway Fund that will be financed by siphoning off half a penny a gallon from taxes now collected on gasoline and other fuels.

Congressional tax writers are often criticized for taking "rifle shots" — carefully targeted proposals aimed at a tiny group of beneficiaries. But the tax cuts this year feature "bow" and "harpoon" shots as well.

A proposal by Senator Orrin Hatch, Republican of Utah, responds to makers and retailers of archery products, who have long complained about the excise tax on arrows. At their behest, Mr. Hatch has drafted a proposal to replace that tax, which is collected from thousands of sporting-goods retailers, with a new one collected from the hundred or so companies that manufacture four arrow components — shafts, points, knocks and vanes.

Senator Frank Murkowski, Republican of Alaska, meanwhile, won Senate support for a provision that would grant whaling captains a credit of up to $7,500 for food and equipment expenses incurred during hunts recognized by the Alaska Eskimo Whaling Commission. The change is urgently needed, Mr. Murkowski argued, to enable whaling captains to "continue the age-old tradition of sharing whale meat and muktuk whale blubber and skin with all members of their North Slope villages."

The tangle of proposed provisions would add another layer of complexity to the already Byzantine federal tax code and deprive the Treasury Department of tens of billions of dollars over the next five years. Some tax experts and economists warn that few of the proposals would benefit the economy, and that they could do much harm by distorting economic decisions and corroding public trust in government.

America "is being pecked to death by ducks," said Mancur Olson, an economist at the University of Maryland.

Whether these finely calibrated proposals will become law depends on the outcome of a conference committee that will meet next month to reconcile the House and Senate bills. But it seems inevitable that many will survive. Republicans and Democrats alike defended special-interest breaks in the bills to balance the distasteful spending cuts in this year's balanced budget plan.

The profusion of tiny tax breaks "is all too characteristic of what we've seen from past Congresses," said William Niskanen, chairman of the Cato Institute. "The big surprise is how quickly we've seen the Republican agenda shift from reform in the 104th Congress to business as usual in the 105th Congress."

In letters to Republican leaders in Congress, Treasury Secretary Robert Rubin charged last week that the House and Senate tax bills were "heavily laden with special-interest provisions."

But the administration is backing several generous corporate tax breaks this year, including an export tax credit that would be worth billions of dollars to a consortium of software manufacturers. It also has indicated that it is against eliminating the multibillion-dollar federal tax subsidy to producers of ethanol, a corn-based fuel additive.



Gerardo Magallon/Reuters

REMEMBERING A MASSACRE — Marina Reza placing flowers at a memorial to 17 farmers killed by the police in Aguas Blancas, Mexico, two years ago. Two of her sons were among those killed. The Organization of American States is investigating the shootings of the farmers, who were on their way to a protest meeting.

Away From Politics

- **The army's top enlisted man tried to persuade a female sergeant** whom he allegedly had solicited for sex to tell army investigators that they "just talked about career development," according to a tape-recorded call he made to her that was played at a military hearing. Sergeant Major Gene McKinney, 46, a popular figure who is both the ceremonial and practical leader of the army rank-and-file, has been charged with 18 criminal counts, including adultery and assault, for allegedly propositioning four women. *(WP)*

- **Monitor Radio, the public radio service of the Church of Christ, Scientist,** has gone off the air. The network, which was strapped by huge financial losses, ended its news and feature reports after an effort to find a buyer fell apart. Monitor Radio's shutdown marked the end of the church's effort to build a lasting electronic presence that began during the Depression. "I think that Monitor Radio was a worthwhile experiment on the part of the church, since we managed to reach over a million listeners a week domestically and uncounted millions over shortwave," said David Cook, the editor in charge of broadcasting at the church and its weekday newspaper, The Christian Science Monitor. *(NYT)*

- **The countdown has begun** in Florida for another launching of space shuttle Columbia on a science mission that was cut short in April by a defective fuel cell. The countdown is supposed to end with Columbia blasting off Tuesday with the same astronauts and same laboratory experiments as before. But bad weather was a strong possibility. Thunderstorms are expected most of the week, putting the chance of favorable weather for the launching at a mere 10 percent for Tuesday and only slightly better for the next two days. *(AP)*

- **A robot spacecraft from Earth will plummet to Mars** on July 4, giving humanity, NASA hopes, its first contact with the surface of the red planet in more than two decades. The space agency's Pathfinder spacecraft is scheduled to bounce onto Mars inside a cocoon of heavy-duty air bags on Friday. If it can avoid the catastrophic failures that have befallen its recent predecessor, the landing could mark the resumption of a steady, long-term effort to discover if there are any signs of ancient life on Mars. That question has been hotly debated since evidence of microscopic life was found in a fist-sized meteorite from the planet. The mission could also answer other questions about Mars, which, in the known universe, most resembles Earth. *(WP)*

AMERICAN TOPICS

Nostalgia Fuels the Craze In Baby Boomers' Discards

The castoffs of Baby Boomers' youth are fetching big prices in flea markets, garage sales, art galleries and, yes, junk shops.

Buyers motivated by nostalgia for the '40s, '50s and '60s are finding the sleek lines, solid craftsmanship and skillful combination of plastics and wood irresistible. Vinyl dinette sets are very popular. Dad's old bamboo wet bar will fetch a handsome price. And a sofa shaped like an amoeba is a sure sale, reports The Boston Globe.

The trend appears to have begun in the late 1970s, when the first Baby Boomers began turning 30 and having to furnish houses of their own. Now, as more buyers scour shops for '50s furniture, prices are soaring.

"Why is it popular?" asked John Pasquinelli, owner of a furniture shop called Johnny B. Wood. "Because '50s and '60s stuff is cool, man. Everybody wants to be different, and the '50s were different."

Short Takes

Dennis Crabb had a dream — a pipe dream. A plumber by training, Mr. Crabb became obsessed with the idea of using common plastic plumbing pipe to design a cheap, lightweight dome that could be used to house people left homeless by natural disasters. He immersed himself in the project, plowing time and money into it and neglecting his plumbing job in Topanga Canyon, California, until he couldn't keep up his rent payments — and was left homeless himself. But the story appears headed for a happy ending. Mr. Crabb's dome-shaped shelter has got good reviews from experts. "It's a fascinating little structure," an architect who specializes in domes told the Los Angeles Times. Mr. Crabb recently lined up work as a limousine driver. He plans to save his earnings until he can afford a patent lawyer.

Speaking of shelter, the last time Aleece Whitcomb, 17, was at Grand Forks Air Force Base, in North Dakota, it was not to watch planes fly. An April flood had left her and thousands of others in the area homeless, and air force officials provided a hangar until people could reclaim their houses. "I never really thought I would want to go back," Ms. Whitcomb said Saturday. But that night, the hangar opened its doors again, as the site of the prom for her and hundreds of other students from the city's two high schools. The schools had suffered too much damage to hold the proms. So the air force turned its stark steel and concrete hangar into a huge ballroom. Designers donated 500 dresses, and a Minneapolis formal wear shop donated 250 rental tuxedos. A floral company provided 500 white roses. "We've just been overwhelmed by the generosity of the air base," said Terri Horpedahl, activities director for Red River High School.

A wave-riding alligator has been captured off Myrtle Beach, South Carolina, after sending swimmers scrambling. The 6-foot (1.8-meter) gator led officers of the Natural Resources Department on a wild 8-mile (12-kilometer) chase before its capture. The animal's mouth was secured with duct tape to be taken away. During the May and June mating season, alligators tend to migrate in search of romance. But the wave-surfer was the fifth gator captured in the area in recent weeks. "It's been a bit unusual," said Duke Brown, a local beach safety director.

Brian Knowlton

24 Catholic Groups Urge Church to End Annulment Process

By Laurie Goodstein
Washington Post Service

WASHINGTON — Twenty-four Catholic dissident groups issued an open letter to the nation's Roman Catholic bishops Sunday calling for the church to abandon the annulment process and allow divorced Catholics to remarry in the church.

The groups are asking that the Catholic Church adopt the practice of the Eastern Orthodox churches, which allow divorces.

The groups were joined in a news conference in Boston by Sheila Rauch Kennedy, an Episcopalian who wrote a book criticizing the annulment process after the church, despite her opposition, annulled her marriage to Representative Joseph Kennedy, Democrat of Massachusetts.

A divorced Catholic who has not received an annulment is not permitted to remarry in the church, while those who remarry outside the church are not supposed to go to confession or receive Holy Communion. To obtain an annulment, one spouse has to prove to a church tribunal that the marriage was never sacramentally valid under church law. The other spouse does not necessarily have to agree.

"There is still a lot of pain out there caused by the whole issue of the way the church handles remarriage," Sheila Kennedy said. "Maybe nobody has the answer, but it's very clear there's a problem here, and the first step is to admit there is a problem."

Although 9 out of 10 divorcing Catholics do not choose to go through the process, the number of annulments granted has risen steadily in the last few decades. In the United States, 54,463 were granted in 1994.

In their letter, the 24 groups say the process "forces many to violate their consciences" to convince the tribunals to grant annulments. Asserting that the church allowed divorce and remarriage until the year 1200, the groups also call for "a restoration of the tradition of the first 1,100 years" of church history.

POLITICAL NOTES

What About 2011?

WASHINGTON — The Republican celebrations over tax bills were not finished before the Clinton administration and Republican leaders began talking, confidently, about how to work out final legislation to balance the budget in 2002. But that route is easy compared with the effort required to keep the budget balanced and avoid abysmal deficits when baby-boomers retire a decade later.

By the time the Senate finished adopting its tax bill late last week, there was work under way on the formidable short-term issues of Medicare costs and the tax treatment of capital gains. The administration likes the House tax bill less than the Senate version, because it is stingier with low-income taxpayers and more generous on capital gains.

In some ways, the votes last week were easy. Cutting $135 billion in taxes for more than 50 million Americans is something politicians find agreeable.

As for the long-term problems, experienced budgeters are not convinced that Congress has the courage to face them. Bob Greenstein, executive director of the Center for Budget and Policy Priorities, spoke of them as "the demographic tsunami of the baby-boomers retiring and the mushrooming of the tax cuts at about the same time around 2011."

"Even if you have balanced the budget before then," he said, "deficits return and return with a vengeance," worse than in the mid-1980s. *(NYT)*

High-Level Torpor

WASHINGTON — Five months into his second term, Mr. Clinton is riding high in public approval ratings. But current and former aides say there are signs that he and the first lady, Hillary Rodham Clinton, are eager for new advisers with new ideas.

Later this summer, Paul Begala, a Clinton consultant during the 1992 campaign, and Sidney Blumenthal, a journalist who advised Mr. Clinton's 1996 campaign, will take jobs as senior presidential aides. If all goes as planned, they will be playing influential roles crafting Mr. Clinton's second-term message and explaining it to a broader public. But there is some early grumbling, prompted in part by confusion over what precisely each man will do.

Some staffers privately contend that the White House is suffering from slumping morale and a dearth of creative energy. The staff chief, Erskine Bowles, is attuned to process but not politics, some of his subordinates say. *(WP)*

Quote/Unquote

Representative David Skaggs, Democrat of Colorado, busy trying to raise the $4 million that a race against the state's Republican senator, Ben Nighthorse Campbell, would require next year: "It reminds me of boot camp in the Marine Corps. As daunting as it is, I've seen other people lesser than me do it. If they could do it, I could do it." *(WP)*

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NETHERLANDS	NLG	195	78	60%
NORWAY	NOK	832	390	53%
SINGAPORE	S$	146	82	43%
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HONG KONG HANDOVER / *Between Concern and Confidence, a Very Wide Chasm*

Unique City Peers Into An Uncharted Future

Voices of Anxiety or Enthusiasm Emanate From Asia's Most Varied, Complex Society

By Edward A. Gargan
New York Times Service

HONG KONG — There is in all of China, from the Gobi Desert to Manchuria, from the Forbidden City to the cloud-wreathed peaks of Guilin, no place like Hong Kong.

In ways profound and trivial, in matters of culture and habit, in expectations and certainties, Hong Kong is utterly unlike any other place in China. It is a place with a press as wildly free as the markets that help fuel its growth, a place accustomed to its own mind, a place where people insist on controlling their own future.

It is this place and its 6.3 million people, half refugees from the waves of political and economic chaos that marked the first three decades of Communist rule in Beijing, that will be returned to the embrace of the motherland at midnight on Monday.

Deng Xiaoping, the Chinese leader who died earlier this year, appeared to recognize that Hong Kong, though territorially Chinese, was very much *something else, and in 1984 said as* much to Margaret Thatcher, then the British prime minister. "We had to consider the actual situation of Hong Kong, China and Great Britain," Mr. Deng told Mrs. Thatcher the day both countries *agreed on Hong Kong's reversion* to Chinese rule. "The resolution that all three parties would accept was 'one country, two systems,' which would allow Hong Kong to retain its capitalism, its status as a free port and its position as a financial center."

"There was," intoned the Chinese leader, "no other possible solution."

This formula, enshrined almost liturgically in the speeches of the man who will rule Hong Kong, a shipping tycoon, Tung Chee-hwa, and in the sermonettes of Beijing leaders, is uttered to reassure Hong Kongers that all will be well, that things will not change too much, that the future is no cause for concern.

But words alone will not bridge the chasm between concern and confidence, between Beijing and Hong Kong, for many people here have lived in China. If, great numbers of people here believe, China so routinely, so instinctively lies to its own citizens about virtually everything, why, they ask, will Beijing tell the truth to Hong Kongers.

"Let me tell you this," shouted a security guard at a housing project who gave only his surname, Ko, because he said he was afraid of "retribution" for speaking his mind. "Hong Kong will become a Chinese colony. Hong Kong will become worse than when it was a British colony. The Communists can't be trusted."

A very different tune echoes from the aeries of Hong Kong's business community. "There's no lack of confidence," insisted Nellie Fong, a partner in the American accounting firm Arthur Anderson and a member of the incoming government's cabinet. "What Hong Kong people regain on July 1 is our own identity, to regain our heritage."

These voices, whether suffused with anxiety or enthusiasm, emanate from a society and economy among the most varied and complex in Asia. From the larger economic indicators alone, Hong Kong is a startling success story. Its per capita GDP of $23,500 has long since *outpaced that of the colonial sovereign,* and is 40 times larger than China's.

Hong Kong's roads, while perhaps *not clogged by them, are home to more* Rolls-Royces than any other city, and one out every six Hong Kong residents carries a cell phone. And just last month, the white colonial house owned by Eric Hotung, a descendent of a prominent 19th century *comprador,* sold for a feather over $100 million, the most expensive house on earth.

More containers shuttle through Hong Kong's terminals than any other port in the world. The most foreign investment in China is Hong Kong's, about 58 percent of all foreign money invested in the mainland.

Buttressing and nurturing this dynamic economy is a political system that has become open and democratic, a press that has been boisterous and irreverent and a civil service whose incorruptibility is the envy of Asia's.

At least 38 Chinese-language newspapers are published here daily, along with 12 English-language papers. And none of them are subject to overt censorship.



Vincent Yu/The Associated Press

Prince Charles knighting Donald Tsang, Hong Kong's financial secretary, at Government House on Sunday. Sir Donald said it would be up to his new boss, Tung Chee-hwa, to decide whether he could use the title.

No less integral to Hong Kong's *success, at least according to the last British* colonial governor, Chris Patten, has been the dramatic transformation of the territory's politics, from a secretive, colonialist authoritarianism, to a fully elected legislature that acts as a decisive check on executive excess.

Despite the contention of many business leaders that Hong Kong's people care only about making money and not politics, recent polls show precisely the opposite to be true. The percentage of people giving to political parties is rising and four out of 10 people say they have put their names on political signature campaigns, the highest rate of such political participation in the world, according to the Hong Kong Transition Project, a multi-university study.

Yet the tensions between the complex dynamism of Hong Kong and the rigid intolerances of Beijing's leadership toward its own people will remain the fault line along which Hong Kong's future will be charted.

On Tuesday, the president of China, Jiang Zemin, and Prime Minister Li Peng will arrive here, the first Chinese leaders ever to set foot in colonial Hong Kong. On the outside, the city is an electric company's dream.

Along the waterfront of Victoria Harbor, the glass-sheathed office towers have been draped in swirls of neon and popcorn strings of colored lights. Chinese slogans glow from atop banks and waterfalls of light beads stream from roof tops. But on the inside, there is a mix of emotion, elation and indifference.

"I don't have any particular feelings about this," said Yeung Hung Wing, a 42-year-old taxi driver who was eating his breakfast in a small park with a group of other drivers. "I just feel the same as most people. All I'm really concerned with is making a living."

At midnight Monday, a test of identity commences as Hong Kong enters an uncharted future, a future replete with promises but no certainties.

It is the end of one history and the beginning of another, a history now embedded in the fate of China itself.

Long European Roots In the Colony's Soil

3 Generations of Greens: A Story of Survival

By Keith B. Richburg
Washington Post Service

HONG KONG — When Michael Green, the boss of Arnhold and Co., surveys the scorched landscape of history, he recalls the number three. Three times the Green family lost everything, and three times they rebuilt from scratch.

Theirs is a story of Hong Kong survival. And as Hong Kong is set to revert to Chinese rule, the Greens are a reminder that in this city populated mostly by immigrants, some of the oldest families are not Chinese but Europeans who came generations ago as traders or opium smugglers or adventurers or just plain wanderers.

Most, of course, were British. But they also were Germans, Austrians, French, Scandinavians and European Jews. They are among Hong Kong's most prominent old-money names in business, finance and industry — the Zigals, the Zimmerns, the Jebsens, the Mardens.

Hong Kong is 98 percent Chinese, but the Europeans — *many of them third-*, even fourth-generation Hong Kongers — are an inextricable part of its colorful history. Unlike the majority of the Chinese population, who moved here as refugees after World War II, many of the Europeans were here throughout the war years. They experienced the turmoil of the Cultural Revolution in the late 1960s and early '70s. For most of them, 1997 is just a blip on the radar screen; few talk of leaving as China takes control.

"Not only am I bullish," said Michael Green, "I have not sold my house, I have not sold my business. I'm committed."

The first of the Green clan to land here was George Green, a Romanian Jew who fled Europe to escape turn-of-the-century pogroms. He took a cattle boat to America, worked his way across the continent to San Francisco and finally ended up on Hong Kong's Kowloon Peninsula, which was mostly swamp infested with malarial mosquitoes.

George Green founded the Criterion Hotel, moved to Shanghai before World War I, and started a bar, where, according to his grandson Michael, "he was his own best customer."

By that time, George Green had a family, and in the 1930s, his son Maurice went to work for Arnhold, a sprawling trading and insurance company run by Iraqi Jews with dozens of branches across China.

World War II changed everything. The Japanese invaded and occupied parts of China, and Maurice Green — Michael's father — was imprisoned in Manchuria. Michael, just a boy, and his mother were captured as they tried to escape to Australia and were imprisoned on the outskirts of Manila. Michael Green still recalls his rescue by American troops who parachuted into their prison.

After the war, the Green family started *from scratch* — for the second time. Maurice Green was sent to Tianjin, China, to run the Arnhold branch there. He was on a vacation in London when word came that Mao Zedong's troops had taken Shanghai and China was almost fully under Communist control. "He lost everything, twice," Michael Green said of his father. "Everything he owned was in one suitcase."

Maurice Green returned to Hong Kong in 1949 and began again. The family that owned Arnhold and Co. was nearly bankrupt, and he took over the firm, debts and all. The next decade was a struggle. Michael Green remembers living in a tiny apartment where he never had a bedroom but slept on a sofa in the living room. "It took me years to get over the embarrassment that I didn't have a bedroom," he said.

Michael Green now lives in a mansion on Victoria Peak, a house he bought at a fire-sale price during the Cultural Revolution. Red Guard units were rioting and setting off bombs in the streets of Hong Kong, and wealthy Europeans were cutting their losses and leaving, sending property prices plummeting. "Everyone turned around and ran like hell," Mr. Green said. "I was too young to worry. I didn't have much to lose."

Mr. Green and his family received British passports after the agreement to hand Hong Kong back to China was signed in 1984. But he does not plan to leave. Nor does he worry that things might turn sour and that he will be the next Green to have to rebuild.

"I have a firm belief that things will be better after the handover," he said. "There are thousands of cities in China — they don't want to mess this one up."

FAMILY: *New Rule Exposes Fault Lines*

Continued from Page 1

The handover has exposed profound ideological and generational fault lines in this most affluent of Asian cities, with its overlay of Western-style politics and processes. For many people here, the return to China is the end of a long and humiliating colonial interlude during which, they say, the indigenous Chinese population faced discrimination, open and subtle, at the hands of white European interlopers.

But for many others, this historic turnover carries with it deep misgivings: Will civil liberties be curtailed? Will Hong Kong's nascent democracy be crushed? Will the police and courts remain impartial arbiters of justice, or will they be turned into tools of repression? Will the press be censored? Will corruption increase?

In the latest poll by the Hong Kong Transition Project, 60 percent of respondents were optimistic about the reunion with China. But a sizable group of people, 28 percent, were pessimistic about the political future under China, and 36 percent of respondents characterized themselves as having "no choice but to accept reality."

The Li family is unusual in that so many of its members are so prominent: Simon Li is a deputy chairman of the official group of China advisers called the Preparatory Committee, and two of his nephews, David Li, a banker, and Arthur Li, a physician, are committee members. Another relative, Andrew Li, *was just named the first chief justice of* the new Final Appeals court. Gladys Li chaired the bar association, and her brother, *Simon Li Jr., is foreign editor of* the Los Angeles Times.

But in many ways, the family embodies all the elements of the Hong Kong story — the rags-to-riches success of the earliest Chinese immigrants who thrived under British colonialism; the disruptions caused by World War II and Japanese occupation; the turmoil of the Cultural Revolution; the questions about race and identity, and now the political uncertainty of the transition to Chinese rule.

"I think we're a typical old Hong Kong family," said Arthur Li, deputy chancellor of the Chinese University of Hong Kong. "We've been here a long time. That's why we feel so passionate about Hong Kong. This is our home. We're not just here to make a fast buck — we're here for keeps."

Li Shek-pang probably did not suspect he was starting a dynasty when he fled here from Guangdong Province in the latter half of the 19th century at age 13. The son of a wealthy property owner, his uncles conspired to kill him to prevent him from gaining his inheritance. He foiled their plot to drown him and came to Hong Kong to seek protection under the British flag.

After unloading ships as a dock worker, he eventually took over from a Scotsman the entire, nearly bankrupt shipping company, then built it into a major commercial success that controlled all the rice imports from French Indochina.

Li Shek-pang's son, Li Koon-chun, moved the family's interests into banking and finance. It was a transfer that foreshadowed the changes in Hong Kong itself, as the city, too, later would shift from shipping and manufacturing to become a global financial center.

Li Koon-chun's son, Li Fook-shu, was Hong Kong's first Chinese chartered accountant, and he became an official serving Her Majesty's colonial government. In 1967, when China's Cultural Revolution spilled into Hong Kong streets, he ended up on a Communist Party assassination list. He survived because of the protection of the British colonial government.

Thirty years later, in one of the family's oddest twists of history, his son David Li, who runs the Bank of East Asia, sits on the China-appointed provisional legislature.

But even though the older Lis benefited from, and prospered under, the British colonial system, they harbor deep resentments over decades of second-class treatment in their own city.

David Li, 58, said he was old enough to recall the discrimination Chinese here suffered under the British. It took a trip to London to open his eyes.

"When I first arrived in Britain, I was a young boy of 12 or 13," he said. "I had never realized there were English porters to carry your luggage. Here, all the English were high-up people. I never realized there were English garbage collectors. I never realized there were English policemen — here, all the English on the police force were superintendents."

"We had to work very hard against the system," he said, recounting his family's battles to set up the first in*digenous Chinese bank, to compete* against the more powerful British-run institutions. "I got into politics because *of the injustice in the banking system. It* was tilted against local banks."

Mr. Li falls into the category of older Hong Kongers who take a more benign, even positive view of the colony's return to China. According to the Hong Kong Transition Project, which has been monitoring public attitudes here for more than a decade, people over 55 were much more likely to say the return to China was a "glorious" event, while those under 35 were more likely to say they were nervous about the transition or had no choice but to accept it.



Greg Baker/The Associated Press

A child outside the Revolutionary History Museum in Beijing on Sunday holding one of thousands of Chinese flags that have been given out to celebrate Hong Kong 's return to Chinese rule at midnight Monday.

He also retains the attitude toward Britain of those who lived through the worst of colonialism. "We're very proud of the reunification, because I see many injustices," he said, adding that he also had seen "many privileges granted to the colonialists."

"I've basically seen the best and the *worst of the British,*" he said.

But a younger generation of Hong Kongers, born in economic prosperity, is *less concerned with the past abuses of* the British. Of more immediate concern is the future under a China still controlled by a Communist Party that severely restricts personal freedom.

In 1959 at the age of 11, Gladys Li left Hong Kong for boarding school in England. She grew up in a more privileged world than her father, his success largely shielding her from the discrimination he suffered.

"I went to an English-speaking school, and most of my classmates were the children of expatriates," she said. "I was aware as a child that there were certain parents who didn't want their children to mix with me socially."

She heard early on of her father's battles for equal treatment in the colonial administration. But for her, discrimination was not a personal experience.

"It's very different if you haven't *lived through it firsthand and lived with* it day-to-day," she said.

For Mr. Li, his humiliations at the *hands of the British instilled a stronger* sense of his own Chinese identity. But, Miss Li said, "The fact that my father *used to come back and tell me those things* made me very anti-discrimination myself. It didn't make me feel more Chinese."

She faults China for moving immediately to roll back some of Hong Kong's civil liberties laws. "It indicates a sort of paranoia," she said. "I think it's somewhat bizarre that China would want to treat its own citizens the way the British treated them."

HONG KONG: *Tung 'Guarantees' Vote Will Be Held Next May*

Continued from Page 1

entering Hong Kong late Monday.

Mrs. Albright broke with previous caution to lecture Beijing on the importance of sending the right signals to its 6.4 million future citizens.

"I don't think this is the best way to start off," she said of the decision to send People's Liberation Army troops, armored cars, helicopters and warships, sweeping across the border at dawn Tuesday.

For many Hong Kong residents, armored cars will arouse memories of the 1989 massacre of Tiananmen Square protesters.

The leader of the Democratic Party, Martin Lee, also called the deployment heavy-handed.

"It looks like an invasion of Hong Kong," he said.

"Now, is that necessary, really, unless their intention is to intimidate the people of Hong Kong into silence?"

While China prepared a triumphant military entry into its newly regained territory, Britain staged more final flourishes in the style of empire's heyday.

In an elegant ballroom in the hilltop Government House, Prince Charles donned dress whites and took up a ceremonial sword to bestow knighthoods on three of the colony's luminaries.

The Chinese-approved incoming government, perhaps pointedly, scheduled similar honors ceremonies for the day after the handover, with Foreign Minister Qian Qichen presiding.

Streets in the Chinese capital were festooned with banners proclaiming "Wash Away 100 Years of National Shame," and a blimp high over the city declared "Celebrate the return of Hong Kong."

A small group of pro-democracy activists in Hong Kong erected huge banners Sunday outside the building where the hundreds of world dignitaries are to witness the handover.

One banner depicted the "Goddess of Liberty," the symbol of the doomed 1989 Tiananmen Square democratic movement.

Mr. Tung made it clear that freedoms in Hong Kong would have limits.

He told the BBC that peaceful protests would be permitted, but that advocacy of independence for Taiwan and Tibet — regarded by Beijing as an act of sedition — would be another matter.

Under laws prepared by the new legislature and due to come into force at midnight, police approval will be required for demonstrations.

Derek Fatchett, a British Foreign Office official visiting Hong Kong, warned against overemphasizing the negative.

"There's a real danger in the Hong Kong debate that we look for disaster, betrayal, before we look for success," he said. *(Reuters, AFP, AP)*

Will the Local Communists Now Come In From the Cold?

By Keith B. Richburg
Washington Post Service

HONG KONG — Exactly 30 years ago, Hong Kong was exploding. Underground cells of the Chinese Communist Party sparked violent strikes and street riots. Bombs were set off around the city. Marchers converged on the gates of the colonial governor's mansion waving copies of Mao Zedong's Little Red Book, while a loudspeaker on a building in the Central District exhorted the masses to rise up against British imperial occupation.

To many, it seemed the territory was about to fall to China's control.

On Tuesday, the Beijing government will indeed assume control of Hong Kong — somewhat later than the Red Guard units here expected 30 years ago. And as this territory sits on the verge of becoming part of one of the world's few remaining Communist-ruled states, the people of Hong Kong are debating an old question that has taken on new currency: *Is it finally time for Hong Kong's un*derground Communists to come in from the cold?

The question is important because as long as the party stays clandestine, there are uncertainties about the lines of authority, about the loyalties of its members, about special privileges its members may receive and about the ultimate center of power here after this British colony reverts to Chinese control.

For example, the man China has chosen to be Hong Kong's chief executive, Tung Chee-hwa, is responsible for administering Hong Kong as of *Tuesday. But on the Communist-ruled* mainland, the senior government official in a city or province always ranks second to the party secretary, raising the question of whose voice in Hong Kong will carry more weight in Beijing.

The Chinese Communist Party has operated clandestinely in Hong Kong since the 1920s, but has never officially registered. Its local arm is the Hong Kong and Macau Work Committee, which has the rank of a ministry in Beijing, and it is accepted wisdom here that the Hong Kong director of the Xinhua press agency is also the local party secretary, coordinating the party's various bureaucratic groupings.

Xu Jiatun, a former director of the press service, said in his memoirs that in 1983 there were 6,000 Communist cadres in Hong Kong. Others in the intelligence and academic community have placed the number now at as many as 20,000, and those are said to include at least a few high-ranking civil servants in the local administration.

"People talk about the importance of facing up to reality," Governor Chris Patten said this month. "I guess part of that reality of life in Hong Kong for the best part of 50 years has been that there are Communists in Hong Kong operating in the way in which Communists customarily operate, underground and in cells and through united front operations."

The violence in the summer of 1967 was the highest-profile example of the party's influence here. But more recently, the party has been involved in lower-key, more traditional organizing activities among workers and students.

After the 1984 agreement between Prime Minister Margaret Thatcher of Britain and the Chinese leader, Deng Xiaoping, to turn Hong Kong back to Chinese rule, the local Communist Party embarked on a campaign to begin winning local hearts and minds. It opened three offices in 1985 to coordinate activities for Hong Kong island, the Kowloon Peninsula and the New Territories. It also quietly backed candidates in Hong Kong elections and may have fielded its own candidates through the legally registered pro-China parties that ran for seats on Hong Kong's Legislative Council.

Some say that now is the time for the Communist Party to shed its underground status and register as a Hong Kong political party.

BRIEFLY

Those Not Invited Party in Beijing

BEIJING— As many as 200,000 people poured into central Tiananmen Square on Sunday night to watch a clock tick away the final hours until the return of Hong Kong after a century and a half of British colonial rule.

"We aren't invited to the official celebrations so this is our chance to enjoy the return of Hong Kong," a student said.

About 100,000 people are expected to watch the huge digital clock mark the end of colonial rule Monday. But all of them will be on the official guest list, and for those left out, Sunday night was the time to celebrate. *(Reuters)*

Newspaper Pulls 'Sensitive' Article

HONG KONG — Hong Kong got a glimpse of how free expression might be eroded under Chinese rule when a newspaper editor yanked an opinion-page article by a legislator because it was deemed too sensitive.

The article was by Emily Lau, a crusader for democracy who has proved to be one of the colony's top vote-getters. In it, she argued that Hong Kong did not need laws on subversion and sedition after the territory reverted to Chinese rule.

Liu Kin-ming, opinion page editor of the Chinese-language Hong Kong Economic Times, had agreed to run Miss Lau's article in the newspaper Saturday.

But late Friday night, Mr. Liu said, he was told by his supervisors that the Lau article had to be pulled. *(WP)*

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HONG KONG HANDOVER / *Hard Questions Amid the Hoopla*

Can City's Dynamism Survive?

A Complex Mix Made This Capitalist Exemplar

By David E. Sanger
New York Times Service

There does not appear the slightest probability that, under any circumstances, Hong Kong will ever become a place of trade.

It is worse than folly to persist in a course begun in error, and which, if continued, must eventually end in disappointment and in national loss and degradation.

— Robert Montgomery Martin, the British colonial treasurer, reporting home during a visit to Hong Kong in 1844.

So perhaps not every Brit who sailed into the glorious cavern of Victoria Harbor after the Opium War immediately grasped the magnificence of what his country had just stolen. Eventually, though, the defenders of the 19th century's biggest drug cartel figured the place out.

And even today, at a time when business lives by modem, Hong Kong serves as living proof that in politics, trade and the creation of great cities, geography still matters.

Though many have tried — from Singapore to Vancouver to Taipei — no one has ever managed to replicate the formula that transformed Hong Kong from a scarcely populated island into one of the world's capitals of commerce.

But what exactly is the magic of Hong Kong? Its success, of course, is all about proximity — to the most complex, the most infuriating and now the fastest-growing emerging market on earth. The source of its dynamism, though, is far more complex.

Hong Kong thrived precisely because it was on the edge of, but never mired in, the politics and turmoil of China. That separateness allowed it to create one of the world's most wired, global cities — a narrow, ridiculously crowded place where Western law, Asian culture, Japanese design, American financing and greed from seven continents all mixed together to make money.

So China celebrates Hong Kong's return not only because it ends a century and a half of humiliation, but because the barren island it lost to gunship diplomacy *returns to Chinese control as the* city of the future. The question is whether the magic can survive the transition.

When Britain's sovereignty ends amid fireworks and network-TV special reports at midnight on June 30 — 1600 GMT Monday — so does the detachment that long insulated Hong Kong from the political control, rampant corruption and endemic cronyism of modern-day China.

But it may take decades to answer the question looming over the ceremonies — whether as Hong Kong and China converge, the country will come to look more like the island or the island more like the country.

In the sunny study of his official mansion recently, Christopher Patten, the 28th and last governor of Hong Kong, who will sail into the sunset Monday as President Jiang Zemin and his army take control, framed the issue this way: "In 10 years' time, will Hong Kong be more than just the richest city in China?"

"The way China treats Hong Kong," he added, "goes to the heart of what *China will be like — whether it can* move from boomtown capitalism to a well-regulated, sophisticated economy that is able to accommodate political change."

China and the Hong Kong tycoons who have spent millions preparing the ground for its assumption of control say such comments are arrogant. It is Chinese energy more than British foresight that made Hong Kong, they argue, and that explains why Hong Kong's per-capita income, an astounding $27,500 last year, long ago outstripped Britain's.

Having battled Mr. Patten's five-year campaign to create democratic institutions, one of the city's pro-Beijing millionaires suggested recently that Mr. Patten's departure Monday night will be his greatest contribution to Hong Kong's future.

The markets don't exactly disagree: They hit heights last week so dizzying that the head of the colony's central bank, in his last act as a servant of the Crown, offered a warning to investors against "undue exuberance."

The truth, though, is that no one is quite sure what will happen to Hong Kong because no one is quite sure which ingredients made it Asia's greatest trading center and one of the world's most captivating cities. Maybe it's the majesty of the setting — the glass set against rock, the winding streets, the cacophonous markets improbably *etched into a mountain rising from the* South China Sea.

Or perhaps the style of the place — the chic restaurants, the escalators that run at double speed so no one is late to a deal.

Or maybe it is the sight of starched investment bankers and dock workers simultaneously yammering into cell phones in English and Cantonese on the lumbering Star Ferry, where a commute across the harbor costs only 13 cents.

But the formula that has made Hong Kong work — first as a British outpost and then as a Chinese city with American and Japanese capital and British eccentricities — is far more opaque.

The obvious factor is location: Hong Kong is a quick boat and train ride from the biggest labor force and the biggest market on earth, yet it has not had to pay the social costs of sustaining either. But there is more.

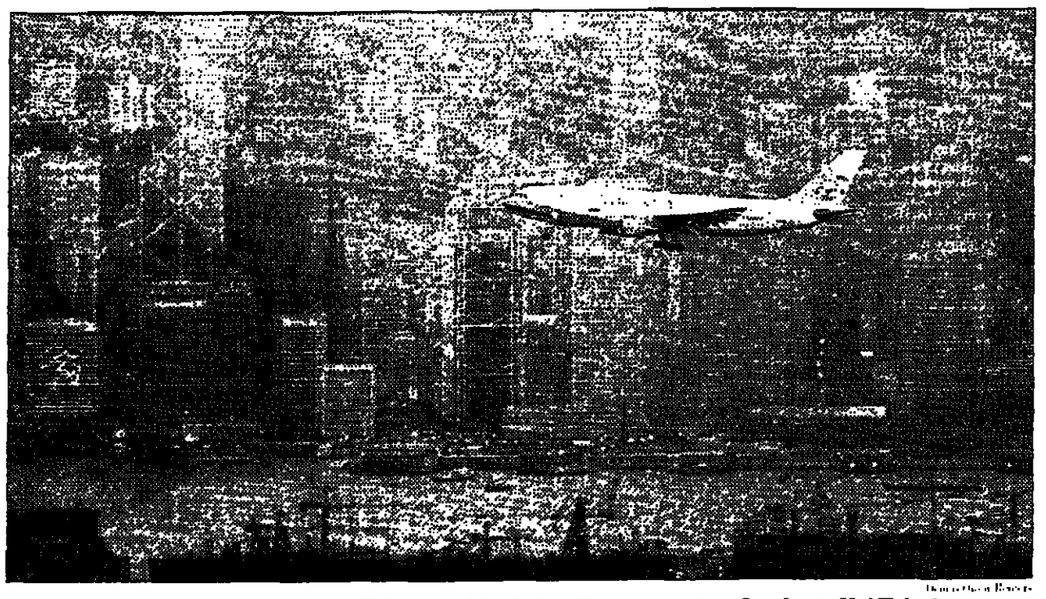
British rule of law created an advanced framework for capitalism in Hong Kong before anyone thought that capitalism comes in different flavors — Asian, Western, global.

British law *meant the markets were* regulated well enough so that investors were willing to take the risk of putting their money into companies. It meant companies were willing to sign contracts, knowing that they could seek enforcement through an independent judiciary where precedent mattered more than who your friends were.

Those were only the start. Hong Kong's taxes are among the lowest in the developed world. Until Mr. Patten introduced his democratic reforms, which China now threatens to undo, the territory was ruled with an iron hand that limited domestic politics, eliminating a distraction from making money. (This is an inconvenient fact for those who argue that democracy is integral to Hong Kong's economic success.)

It's no wonder that Milton Friedman, the famed economist, once said that "If you want to see capitalism at work, go to Hong Kong."

And what of Hong Kong? Perhaps its tycoons are right: All this handwringing is the preoccupation of a Western press fixated on individual liberties instead of common prosperity. Or perhaps Hong Kong's first newspaper, Friend of China, was closer to the truth in 1842 when it said Hong Kong was destined to "revolutionize, or subvert, the existing state of things in China."



A China Airlines jetliner belonging to Taiwan making its landing approach on Sunday to Kai Tak airport.

To Asians, Softer 'Karaoke Diplomacy' Plays Better in Beijing

By Velisarios Kattoulas
International Herald Tribune

HONG KONG — Call it karaoke diplomacy. The lights are dimmed. A bottle of Scotch is passed around the table. The karaoke machine whirls into action and Chinese and other Asian diplomats settle in for an evening of diplomacy away from the glare of the world's news media.

In advance of Hong Kong's return to Chinese control on Tuesday, the United States and Europe have very publicly *urged Beijing to leave the thriving metropolis as it is, economically, politically and socially.*

Asian diplomats say they have delivered the same message. But in contrast to their Western counterparts, they have done so behind closed doors at foreign ministries, plush hotels and karaoke bars across the region.

Disciples of the two approaches criticize one another for being too soft on China or for failing to understand the way it thinks. But many analysts say, and Asian diplomats insist, that Western public diplomacy is undermining everyone's interests in China and Hong Kong while karaoke diplomacy is producing results.

"The general approach of the West to China over the last several years, this confrontational approach, is very counterproductive," said Denis Simon, director of the China Strategy Group at Andersen Consulting in San Francisco. "The approach through quiet diplomatic back channels really does enable the issues to be discussed in much more substance." He called it "a more productive approach."

Asian diplomats say the West's aggressive diplomacy toward China reflects a fundamental misunderstanding of the way Chinese and other Asian leaders think. "Americans don't know *much about China*," an Asian diplomat said. "The ethos of Asians is different — there is a culture of formality" that avoids open criticism because reputations are easily damaged and more highly prized in Asia than in the West.

In the view of some analysts, politicians in the West tend increasingly to play to the concerns of their constituents. "Foreign policies in any state are driven by domestic issues to a lesser or greater degree, and in the U.S. to a greater degree," a second Asian diplomat said.

For their part, Western diplomats privately criticize their Asian counterparts for what they see as a lack of commitment to push for China to honor its agreement with Britain to leave Hong Kong largely independent for 50 years.

But Asian diplomats say their leaders prefer to solve disputes or raise sensitive issues behind closed doors.

Nations ranging from Japan, Korea and the Philippines to Indonesia and Malaysia have quietly encouraged China to preserve Hong Kong largely unchanged for the next half-century to protect their commercial interests there, diplomats said.

"We are afraid about how China will handle Hong Kong," a third Asian diplomat said. "If they handle it brutally, that will be a bad indication for the rest of Asia, revealing China's true nature. Hong Kong is a test case."

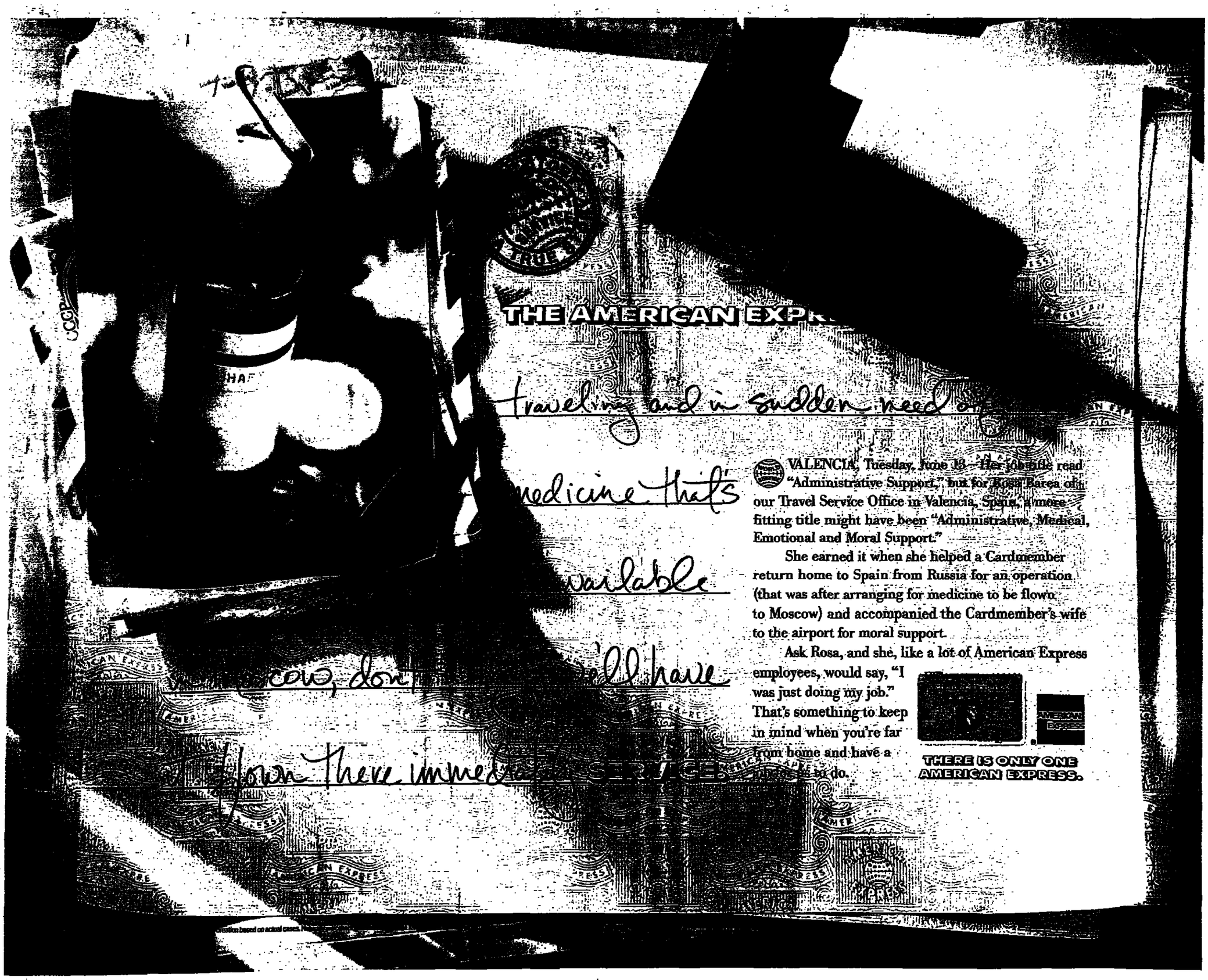
The first diplomat said: "We share the same sentiment that Hong Kong should remain the old Hong Kong. But we don't have to shout out at China. It doesn't make sense."

China's proximity and the history of antagonism between China and its neighbors are critical points to Asian diplomats.

"It's totally counterproductive for our national security," the first diplomat said. "It makes China more antagonistic and their shadow grows."

Moreover, Asian leaders face little domestic pressure to challenge China publicly; in many cases, ruling parties are entrenched and less accountable to voters. Even politicians from nations that have elections more akin to those of the United States and Western Europe face little pressure from voters to challenge China because of the importance placed on saving face in Asia.

*Many Asian nations have little in*centive to join the West in criticizing China for what Washington and its European allies call unfair trade practices because some of these nations have similar protective tariffs. And in most Asian nations human rights remains a concept that Asian leaders view as largely Western in origin and of limited relevance.



VALENCIA, Tuesday, June 13 – Her job title read "Administrative Support," but for Rosa Barea of our Travel Service Office in Valencia, Spain, a more fitting title might have been "Administrative, Medical, Emotional and Moral Support."

She earned it when she helped a Cardmember return home to Spain from Russia for an operation (that was after arranging for medicine to be flown to Moscow) and accompanied the Cardmember's wife to the airport for moral support.

Ask Rosa, and she, like a lot of American Express employees, would say, "I was just doing my job." That's something to keep in mind when you're far from home and have a job to do.

THERE IS ONLY ONE AMERICAN EXPRESS.

EUROPE

Albanian Official Slain As Nation Tries to Vote

TIRANA — An Albanian man was shot dead Sunday in a polling booth in the south of the country during voting for legislative elections, officials from the Democratic Party of President Sali Berisha said.

Albanians were voting after four months of unrest following an armed rebellion against Mr. Berisha and his Democratic government.

More than 1,600 people have been killed in the violence and disorder that has swept Europe's poorest country.

Democratic Party officials said the slain man was the president of the local electoral commission in a district of Fier, 75 kilometers (50 miles) south of the capital.

In a communiqué, the party said that the official, Burhan Misiri, was shot by a supporter of the main opposition Socialist Party and said the killing "had political motives."

Local police officials in Fier contacted by telephone confirmed that an incident had taken place but would give no further details.

Despite voting in the capital described by one international observer as "good as any Western European country," Albanian election officials said voting in other parts of the mountainous republic had not gone quite so well.

Polls closed at 6 P.M. after the official news agency reported earlier that an estimated 50 percent of the voters had turned out nationwide.

The head of the Central Election Commission, Kristaq Kume, issued an appeal for Albanians to vote in peace. He said the shooting was "an event which must be denounced and amounts to an attack not only on him and his family but on all of us."

Both sides have complained of irregularities, mainly of voters who found they had been omitted from registration lists.

There have also been instances of armed gangs stealing ballot papers or tampering with ballot boxes.

There were reports of gunmen pressuring voters in at least three towns to vote for members of the Socialist Party, the central election commission said.

The Socialists reported pressure on their supporters from members of the dominant Democratic Party, and there were reports of other intimidation around the country.

"We are very grateful that you are here, but we will have nightmares until the results are known," one voter, Rufie Disha, told Catherine Lalumiere, head of the 500 election observers dispatched by the Organization for Security and Cooperation in Europe.

The elections were planned as the first step in restoring order in Albania, where President Berisha's Democrats and the Socialist-led opposition are vying with each other — and with armed gangs — for control of the country.

In addition to choosing a new Parliament, Albanians are voting in a referendum on whether to remain a republic or to reintroduce the monarchy.

Violent protests over failed investment schemes degenerated into armed revolt across the country in the spring, when hundreds of thousands of guns were looted from government armories.

As they cast their ballots, both Mr. Berisha and Fatos Nano, leader of the opposition Socialists, said there was no chance their parties would cooperate with one another in a government. "A coalition government is impossible," Mr. Berisha said. *(AFP, Reuters, AP)*



An Albanian in the town of Vlore, a center of violence, reached up to cast his ballot in legislative elections.

New Turkish Leader Garners a Majority

By Alan Cowell
The New York Times

ANKARA — Two more resignations from the Islamic alliance appeared Sunday to give Turkey's new, pro-secular government the votes it needs for parliamentary approval.

The defections deprived the Islamic bloc, led by former Prime Minister Necmettin Erbakan, of the parliamentary majority it enjoyed only a week ago.

Many of the defectors already have joined the parties that are coming together to form a new government under the conservative leader and prime-minister designate, Mesut Yilmaz.

Parliament will have to approve the new government with a vote of confidence.

Mr. Erbakan's coalition collapsed under pressure from the military, which was angered by his attempts to give Islam a greater role in Turkey.

The defections started a day after Mr. Erbakan and his coalition partner, Tansu Ciller, asked legislators to sign a pledge to vote against the new government. Although both leaders have lost support, the latest defections came from Mrs. Ciller's True Path Party.

Mr. Yilmaz is expected to submit his cabinet list to President Suleyman Demirel on Monday or Tuesday. The confidence vote would come 10 days later.

BRIEFLY

Germans Assail Refugee Family

LUBECK, Germany — Rightist extremists attacked a Protestant parish in the northern German city of Lubeck, torching the office and painting swastikas on the walls, the police said Sunday.

They had earlier reported a fire at a children's playground.

The attack caused only limited damage but investigators discovered three swastikas and an inscription, "Harig, we'll get you," painted on the walls of the St. Augustine parish office.

"Harig" is the name of the Lubeck pastor, who is sheltering an Algerian family of asylum-seekers in his parish.

His name has already been daubed alongside swastikas on other religious buildings, including the St. Vicelin's Catholic church in Lubeck, which was the target of an arson attack May 25. *(AFP)*

Rome Expects Welfare Accord

ROME — Prime Minister Romani Prodi was quoted Sunday as saying he was confident that the hard-left Communist Refoundation party would eventually support welfare reform.

Mr. Prodi's center-left coalition government almost fell in April when Communist Refoundation, which gives his coalition a majority in the lower house of Parliament, refused to support the deployment of a security force to Albania.

Refoundation has threatened to rebel again over government plans to curb social spending and shake up Italy's pension system in preparation for the launching of the single European currency in 1999. *(Reuters)*

French Raid Immigrant Sit-In

PARIS — Five people, including a policeman, were injured when the police forcibly evicted 150 illegal immigrants occupying a town hall in Paris, officials said.

Violence broke out Saturday when the police entered the town hall of the 18th Arrondissement to remove immigrants without official papers who were carrying out a protest, the authorities said. According to the police, some of the protesters demanding working papers from the French government became violent when the evacuation began.

A policeman was hospitalized after being hit on the head in the tussle that followed, officials said.

Two people were injured when they broke windows in the town hall with their bare hands. It was unclear how long the immigrants occupied the building. *(AP)*

The EU This Week:

International Herald Tribune

Significant events in the European Union this week:

- The European Commission meets with the Luxembourg government in Luxembourg on Thursday to discuss plans for Luxembourg's presidency of the Union, which begins this week and runs through the end of the year.
- The Commission briefs representatives of the 15 EU governments of its stance on the Boeing-McDonnell Douglas merger in Brussels on Friday.
- EU social affairs ministers hold an informal meeting in Luxembourg on Friday and Saturday to discuss ways of carrying out a recent agreement to step up coordination of employment policies and start preparations for an EU employment summit meeting in November.

U.S. Military Acts Against Bosnian Tied To War Crime

By Tim Weiner
New York Times Service

WASHINGTON — National security officials expelled a Bosnian Muslim general from an elite U.S. Army training course after receiving unconfirmed accusations that he was a war criminal, according to Clinton administration officials.

The man in question, Brigadier General Selmo Cikotic, came to Washington in December 1994 as the military attaché at the Embassy of Bosnia-Herzegovina.

The State Department sent him this month to the Command and General Staff College at Fort Leavenworth, Kansas, under a program to train and educate foreign military officers.

The accusations against General Cikotic came from Croatia, according to a senior official. They include unconfirmed allegations that he commanded soldiers who killed and tortured people in and around Bugojno, a town of about 40,000 people in central Bosnia, in July 1993, when Muslim and Croatian forces were fighting for control of the town.

General Cikotic, 34, served in the Yugoslav Army as a field commander before the breakup of Yugoslavia. He was chief of staff of the Bosnia 3d Corps during the war that followed.

He also served as a senior member of the Muslim delegation that negotiated peace arrangements with the Croats in 1993.

The general declined during a brief telephone interview to respond to the accusations against him. "This should be handled government to government," he said.

The Bosnian Embassy's acting military attaché, Major Suad Cengic, said his government was preparing a response.

The officials who decided last week to remove General Cikotic from the rolls at the Command and General Staff College did not know whether the charges against him were true, a Washington official said.

Officials at the United Nations war crimes tribunal at the Hague said they could not discuss whether General Cikotic was under investigation.

The tribunal has indicted 75 suspected war criminals — 54 Serbs, 18 Croats and 3 Muslims.

UN Aids War Crimes Tribunal in Croatia Arrest

Reuters

ZAGREB, Croatia — United Nations peacekeepers have for the first time helped the International War Crimes Tribunal in former Yugoslavia capture a war crimes suspect, a UN official has said.

Tribunal officials arrested Slavko Dokmanovic on Friday in the Eastern Slavonia region of Croatia. The predominantly Serbian region, monitored by a provisional UN administration, is due to revert to Croatian rule soon.

"We gave support to the officials on the ground within instructions from a UN resolution," a UN official in the enclave said Saturday.

"It's the first time that has happened," the official said.

"It was the tribunal, rather than UN peacekeepers, that carried out the arrest," said the official, who spoke on condition of anonymity. The official refused to elaborate on the kind of support the peacekeepers provided.

Mr. Dokmanovic was president of the Croatian town of Vukovar in November 1991, when Yugoslav Army and Serbian paramilitaries are alleged to have abducted from its hospital and killed about 260 men.

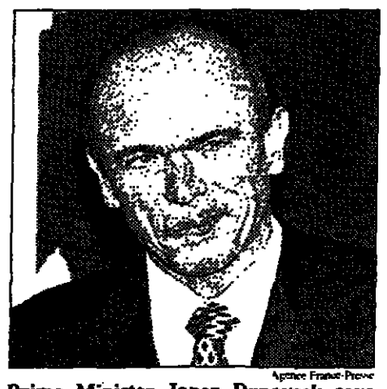
The Yugoslav government strongly protested Mr. Dokmanovic's arrest to the UN administrator, Jacques Klein describing it as an "most serious incident" that could "have serious consequences for the further course of the peace process."

The UN administration's mandate expires July 15, when Croatia wants to take full control of the enclave.

Q & A / Janez Drnovsek

Slovenia Seeks a Guarantee

Slovenia, the most economically advanced country resulting from the breakup of the former Yugoslavia, is seeking membership in both the European Union and the North Atlantic Treaty Organization. Prime Minister Janez Drnovsek met with EU leaders in Amsterdam, and afterward spoke with Tom Buerkle of the International Herald Tribune.



Agence France-Presse

Prime Minister Janez Drnovsek says the future of his government is at stake.

Q. NATO and the European Union are preparing to select potential new members from Central and Eastern Europe. What is at stake, and why should Slovenia be considered?

A. It is difficult now after the United States announced its position for a limited NATO enlargement, with only three countries. Slovenia is considered everywhere as the fourth candidate. We hope a last-minute compromise will be reached just before or at the Madrid summit. We don't see any threat, but we see NATO as some kind of long-term guarantee for stability in Europe.

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Q. If the U.S. view prevails, what do you seek from NATO?

A. We would at least expect certain guarantees or commitments that Slovenia will be the next member, in a relatively short time span. That would be a minimum, considering that we have the support of a majority of NATO members.

Q. Are you concerned that an enlargement process that was supposed to unite Europe risks creating new divisions?

A. It's creating a certain frustration that we are not being included. Those countries not being included will have political difficulty in explaining this to their public. Everybody knows that Slovenia is in a better economic position than Poland or Hungary, for example. We have a good level of democracy. So it's difficult to explain. The people are inclined to blame the government.

Q. Some EU leaders have criticized the treaty of Amsterdam, saying it could delay EU enlargement. Do you share that concern?

A. We discussed that issue. There were not very clear answers to some very clear questions. Should negotiations start with all 12 candidates at the same time, or will negotiations start with only three to five? We were given only a general statement that enlargement will not be slowed down.

Q. Are you convinced of that?

A. It's very difficult to say. It's very difficult to get a consensus [within the EU], especially on institutional reforms.

Q. Since the Union has left those reforms undecided, should candidate countries have a say on issues like voting rights?

A. I think so, although they have put us in a difficult situation. We have to compete with ourselves. We have to put our energy into this, to show who is qualified for membership.

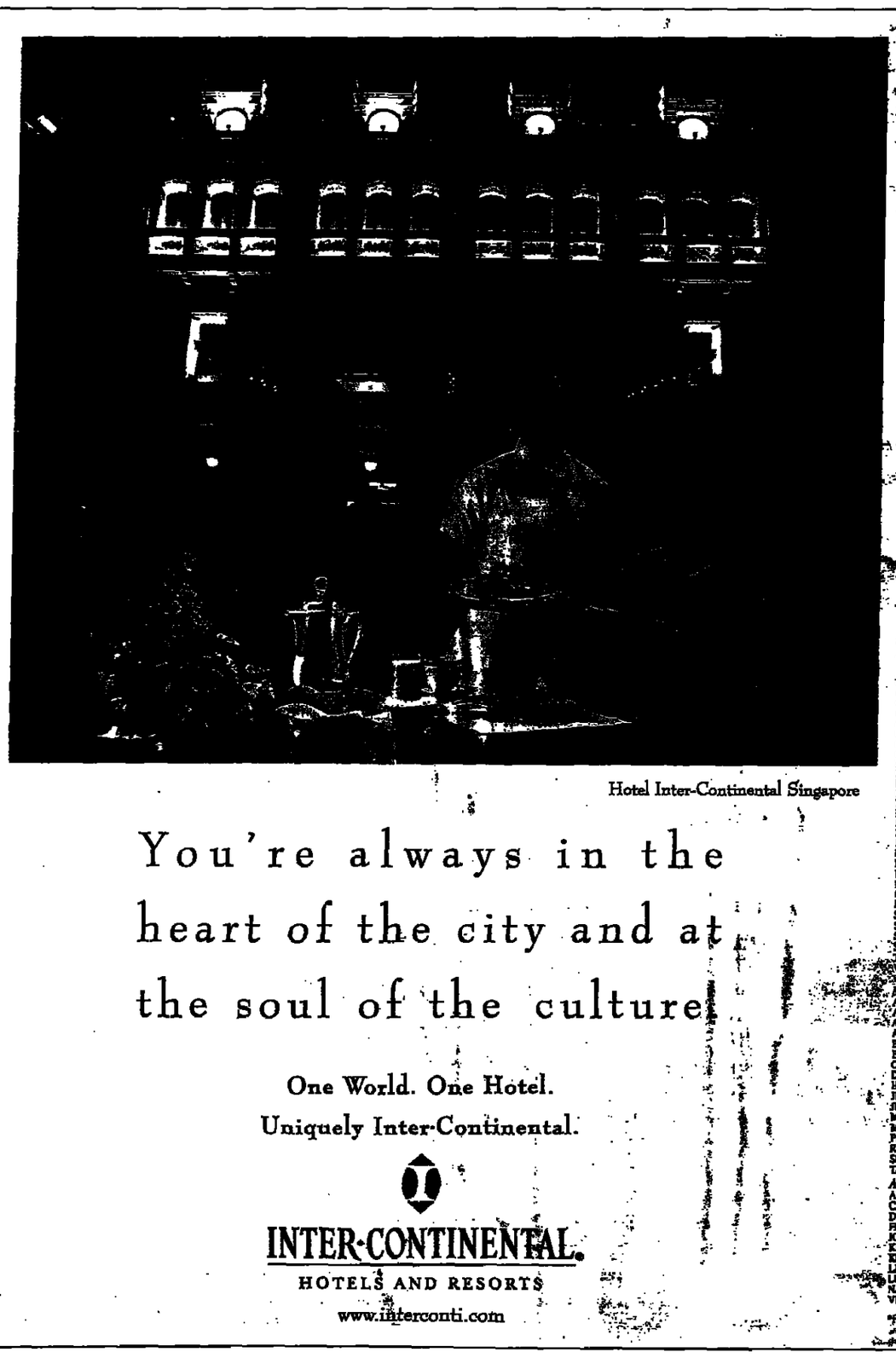
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Q. Should negotiations start with a small group of countries or a large group?

A. Negotiations should start with all candidates, all 12. If there would be a selection of three to five countries, you can imagine how difficult it would be for those who are left out. There will be frustration, and this could affect the political process and the economic process in those countries.

Q. How serious would it be if Slovenia was left out of the first round of both NATO and EU enlargement?

A. The government would not survive. We have put a lot of energy into this. And I think that by ourselves, we would take our responsibility and resign.



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INTERNATIONAL

Japanese Police Arrest 14-Year-Old in Beheading

By Nicholas D. Kristof
New York Times Service

TOKYO — The police announced over the weekend that they had arrested a 14-year-old boy who they said had confessed to the beheading last month of an 11-year-old boy, the grisliest murder in memory in Japan.

The arrest late Saturday night of the ninth grader, a neighbor and acquaintance of the victim, stunned the Japanese and is certain to add to worries that many young people have lost their moral bearings.

The police did not identify the suspect, who lives in the western city of Kobe, or say much about him or his family.

The killing of the 11-year-old, Jun Hase, has transfixed Japan in part because of its savagery: his head was left resting on the front gate of a junior high school, with a defiant message stuffed in the mouth. Just as horrifying, the killer went out of his way to taunt police and threaten more slayings.

"I can relieve myself of hatred and feel at peace only when I'm killing someone," the murderer said in a letter sent to a local newspaper. "I can ease my own pain only by seeing others in pain."

The police said that they were confident that the killer had written the letter because it included details not disclosed publicly. The writer also warned that "if anything frustrates me again, I'll destroy three vegetables a week" — apparently a reference to children. The letter included a threat to begin killing adults.

After a schoolgirl was beaten to death nearby earlier this year, and another attacked and badly injured, the authorities conducted their investigation on the theory that a serial killer might be on the loose.

But all the speculation focused on adult men, and the arrest of a youth — television networks interrupted regular programming for a police news conference — shocked announcers and audiences alike.

"I'm relieved that a suspect has been arrested, but mostly I'm surprised that he is a junior high student," Akira Yokoyama, the chief city official for the district in Kobe where the killing happened, told NHK Television.

The police said that they had summoned the 14-year-old boy to the police station early Saturday morning for questioning, and that he had eventually confessed to strangling Jun and cutting off his head. They said that in a search of the boy's home and its surroundings, they had found the knife he described using.

NHK quoted police officials as saying that the boy had also used a handsaw in the beheading.

The authorities would not comment on whether they suspected the 14-year-old in the attacks on the two girls.

In Japan, people 19 and under are treated as juveniles before the law, and special protections are given to those 16 and under. As a result, there is no possibility of the suspect's facing the death penalty, which Japan sometimes applies in murder cases for adults.

A spokesman for the police in Hyogo Prefecture, which includes Kobe, said it would be possible for the boy to be kept in a detention center until the age of 20 and then released. But he said it might also be possible to detain him into adulthood.

The killing was only the latest in a series of cases — including the nerve gas attack on the Tokyo subway system two years ago — that have deeply shaken Japan's sense of itself as a safe society. By international standards, the country still has very low crime rates and a remarkably safe feel to its cities, but many Japanese worry that orderliness and security are deteriorating.



Reuters

The 11-year-old victim, Jun Hase, who was beheaded May 27 in Kobe.

BRIEFLY

Beijing Denies Dissident's Beating

BEIJING — Reports that the veteran dissident Wei Jingsheng has been beaten by other prisoners and is in ill health are "sheer fabrications," the Chinese Justice Ministry said over the weekend.

The statement Saturday through the state-run Xinhua news agency was Beijing's first direct comment on reports by Mr. Wei's family and human rights groups that he was severely injured by prisoners hoping to get reduced sentences for attacking him.

Mr. Wei, 46, is China's most famous dissident and is serving a 14-year sentence at a prison in northern Hebei Province, near Beijing, for advocating democratic reforms.

Reports of the attack drew an expression of "concern" from the U.S. government and protests from groups concerned with Mr. Wei's case. *(AP)*

Virus in Malaysia Kills a 30th Child

KUALA LUMPUR — An airborne virus has killed a 30th child in Malaysia, and international medical experts are still unable to identify the mysterious killer, local newspapers reported Sunday.

The eight-month-old victim died from acute viral myocarditis, or heart inflammation, in a hospital on Saturday in the Sarawak logging town of Sibu on Borneo island, The Sunday Star newspaper reported.

All of the dead have been children in Sarawak, and all have been stricken by viral myocarditis linked to what health officials here said is a lethal strain of the Coxsackie virus. *(Reuters)*

5 Die in Australia

HOBART, Australia — An Australian man appears to have stabbed his four children to death and then shot himself dead in a murder-suicide at a farmhouse in the island state of Tasmania, the local police said Sunday.

The police found the bodies of the four victims, aged from about 6 to 18, in the bedrooms of the house on Sunday morning. The body of their father was found outside the sandstone cottage, in the rural hamlet of Cambridge near the state capital Hobart. *(Reuters)*

Hun Sen's Guards Tied to 20 Killings

By R. Jeffrey Smith
Washington Post Service

PHNOM PENH — In a classified report that could pose problems for U.S. policymakers, the FBI tentatively found bodyguards employed by Hun Sen, one of Cambodia's two prime ministers, responsible for a deadly grenade attack here, according to U.S. government sources.

At least 20 people were killed and 150 wounded in the attack March 30 during an opposition protest. The preliminary report, described by four U.S. government sources, was based on a two-month investigation conducted under a U.S. law giving the FBI jurisdiction whenever an American is wounded in a terrorist attack.

The agents were forced to leave last month before they could complete their inquiry. The U.S. ambassador, Kenneth Quinn, said they had been targeted for assassination and could not be protected adequately, the sources said.

Mr. Hun Sen, 46, is the most powerful man in Cambodia, and diplomats in Phnom Penn say that even if the charges were proven, he would not leave office without a fight. The chance of obtaining a fair trial for those involved in the bombing is considered slim, because his party controls the Interior Ministry and the judiciary.

"If Hun Sen ordered that act and the murder of more than 15 people, we want to know," a senior U.S. State Department official said. "As a practical matter of how you proceed if it is proven, I don't know."

The protest organizer, Sam Rainsy, 48, leader of the Khmer National Party, has called for an international commission to investigate. But Interior Minister Sar Kheng asserted that was not needed. He said the local investigation was "going smoothly" and pledged to pursue the allegations by arranging for his investigators to interview officers of Mr. Hun Sen's bodyguard. Mr. Sar Kheng, a high-ranking official in Mr. Hun Sen's party, said on behalf of the party, "We did not commit this crime."

Aesop's Fables: Life or Death in Cambodia

By Seth Mydans
New York Times Service

PHNOM PENH — Kassie Neou owes his life to Aesop and his fables, which he told over and over again, night after night, to the teen-age boys who guarded him 20 years ago in a Khmer Rouge torture chamber.

"You're the tortoise!" "You're the hare!" the boys teased each other, delighted with the story, Mr. Neou recalled.

Every night, sometimes exhausted and bloody after a day of beatings and interrogation, he said, he told the stories to one shift of guards after another.

"I was lucky because I knew those stories by heart," said Mr. Neou, who had been the head of the English-language service for Cambodian radio and television and who is now director of the Cambodian Institute for Human Rights.

"I told the stories all night long, with my ankles in leg irons like everybody else," he said. "And because of that, I became someone who was needed by the guards."

Then came the night when the prisoners were roped together and marched from the building to be killed. Above the loud squeaking of their leg irons, Mr. Neou recalled, he heard the voice of the 13-year-old guard who was in charge: "I need him. Quick! Pull him out."

One of the guards hid him, holding a finger to his mouth for silence. Another prisoner, newly arrived, was roped to the others and killed in his place.

Like Mr. Neou, virtually everyone of a certain age in Cambodia today is a survivor of the Khmer Rouge years — either a victim or a killer. And with daily reports here of the possible capture of Pol Pot, the Khmer Rouge leader, long-suppressed memories of the past are being stirred.

From 1975 to 1979, driven by a radical Maoist philosophy that quickly slid into madness, the Khmer Rouge government turned on its people, ripping society apart and killing perhaps more than a million Cambodians.

Many were executed at torture chambers like Tuol Sleng prison in Phnom Penh or the provincial interrogation house in northwestern Battambang, where Mr. Neou was one of the few survivors.

Nearly two decades later, this is a nation that still seems unable to face that trauma. Piles of bones and skulls are still unburied, as if the people who were spared were too exhausted to lay them to rest.

The victimizers still live, unpunished, side by side with their victims.

Now, with the world mobilizing to prepare a tribunal that would try Pol Pot and other Khmer Rouge leaders, it is far from certain that the Cambodian people themselves are ready to see justice done.

The memories are already painful enough, many people say. A trial that could reach down to rupture their families and neighborhoods might be more than they can bear.

"They killed my husband and my family," said Ros Chhenda, who owns a small restaurant in Phnom Penh. "But now I don't think about the past anymore."

For 18 years, since they were driven into the jungle by Vietnamese troops, Pol Pot and his men have continued to wage a guerrilla war from their jungle hideouts. Their legacy of bitterness and violence remains alive in a feuding and fractious government that sometimes seems on the verge of open warfare.

Cambodian society is still too fragile to support the burden of a trial, Mr. Neou said.

"If facing the past will jeopardize the present, I do not think it is a good idea," he said. "These people live among us, and we cannot wish them away. I support the national policy of reconciliation and building peace because this is what Cambodia needs first. I choose peace first and justice later."

For Mr. Neou, his own story has become something of a cautionary tale and he tells it as he once recited the fables of Aesop.

When he was being beaten and accused of working for the Central Intelligence Agency, Mr. Neou said, he memorized the faces of his torturers, sustaining himself with thoughts of retribution.

"I told myself that when my time comes, I will take revenge five times worse than what they are doing to me," he said. "As a human being, you have that kind of anger."

Three years later, when the Khmer Rouge government collapsed, he said, he joined a flood of hundreds of thousands of people across the border into Thailand.

Among the refugees at the Khao I Dang camp, he said, he recognized one of his torturers, a young man he had known as Comrade Han.

"He turned completely pale when he saw me and he began to shake," Mr. Neou recalled. "I asked him, 'Oh, when did you arrive?' He could not talk because of his fear and he only said, 'My wife is sick and my baby is dying.'"

Mr. Neou, one of the few educated Cambodians who survived the Khmer Rouge killings, administered an aid program at the camp.

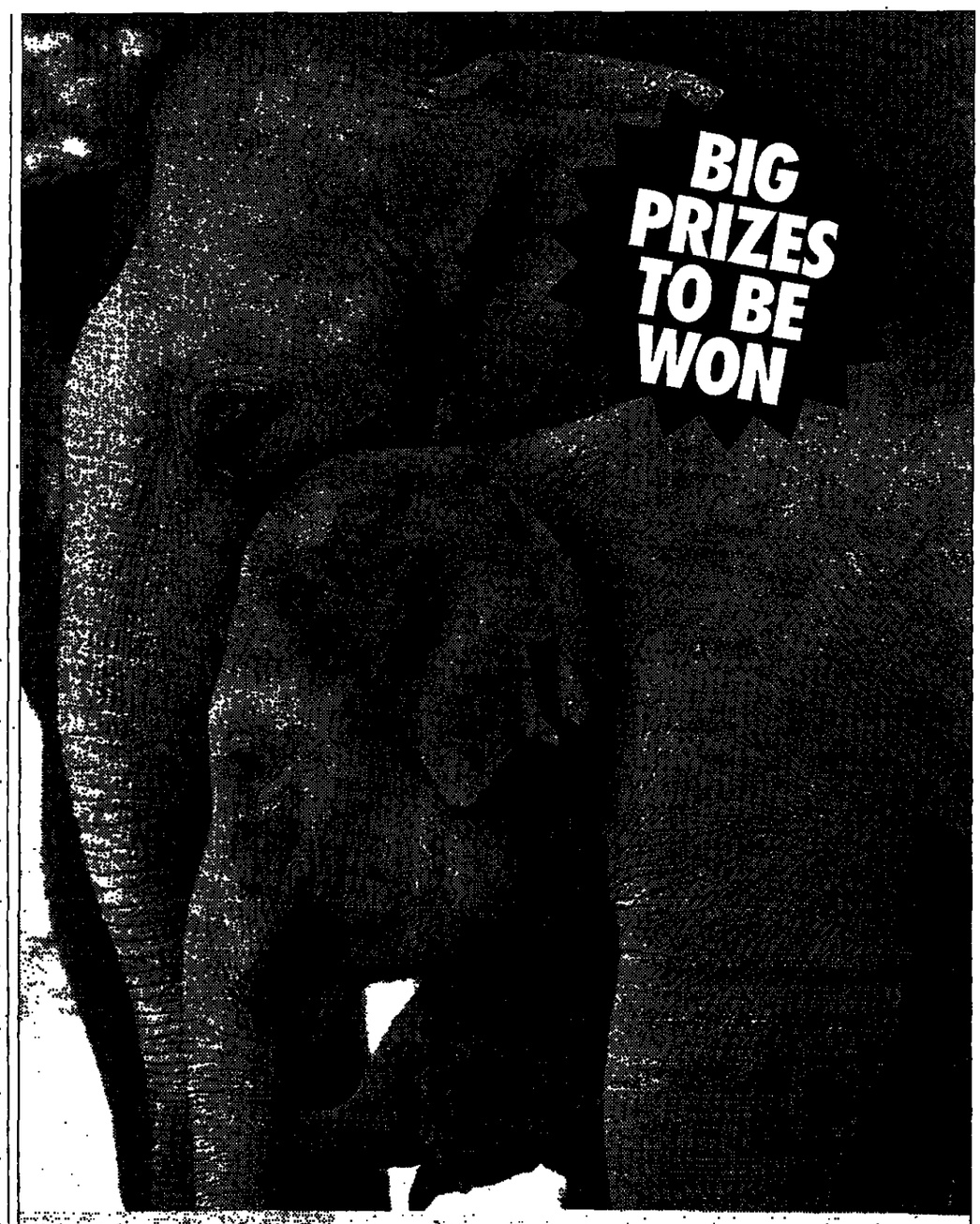
"Because of his fear and because his baby was dying," he said, "I completely changed my mind about taking revenge through anger."

Instead, he took the man to a feeding center, where he arranged care for the wife and child and gave the man money for cigarettes.

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INTERNATIONAL

Fighting in Brazzaville Shatters the Cease-Fire

Compiled by Our Staff From Dispatches

KINSHASA, Congo — Heavy arms and automatic weapons fire echoed Sunday through Brazzaville, capital of the Congo Republic, shattering the relative calm brought in by the extension of a cease-fire, a diplomat said.

The diplomat, speaking from the Congolese capital by telephone, said exchanges of heavy weapons fire battered Brazzaville in the early hours of Sunday morning, with fighting probably centering on the international airport.

Intense automatic weapon and machine gun fire also broke out in the city center near the French Embassy in the late morning.

The clashes broke an often-violated cease-fire that was extended by a further week on Saturday.

Fighting first erupted on June 5 when the forces of President Pascal Lissouba surrounded the home of a former president, General Denis Sassou-Nguesso, in an attempt to disarm his private militia ahead of presidential elections.

Both sides claim to have control of the airport but sources say neither has total control of the strategic site.

Estimates of the number of dead range from 1,000 people to more than 2,000.

Pope John Paul II on Sunday called for a cease-fire in the conflict. "My thoughts turn once more to Africa, in particular to Brazzaville, where fighting continues," the Pope said.

"I hope that a cease-fire can once again be established," the pontiff added, "and that peace negotiations will resume."

The airport north of downtown is crucial to bringing in supplies and possible reinforcements.

Valentine Olezzongo, a spokesman for General Sassou-Nguesso, said Saturday that the government had retreated to one end of the runway, while General Sassou-Nguesso's militia held the control tower and an adjacent building that until last week had been the headquarters of a French military evacuation team.

The French pulled out after helping nearly 6,000 foreigners flee the fighting. A truce that was to have lasted for a week after their departure was quickly broken.

A 14-member mediation committee that includes representatives of Mr. Lissouba and of General Sassou-Nguesso announced Saturday that the two sides had agreed to yet another truce.

The committee said in a statement Saturday that both sides had also agreed to a government of national unity to prepare for and oversee presidential elections, and the deployment of foreign peacekeepers. *(AFP, AP)*

Mobutu Is 'Well' After Surgery to Stop Bleeding

Reuters

RABAT, Morocco — The former leader of Zaire, Mobutu Sese Seko, was "well" Sunday after an operation for serious bleeding complications and was convalescing, attended by some of his family, said a doctor at a hospital in Rabat.

"He is well for the moment," the doctor at Avicenne Hospital said by telephone.

Asked how long the 66-year-old former leader was expected to stay in the hospital, the doctor said, "We can't say at this stage."

He said "about 10 of his family" were with Marshal Mobutu at the hospital. No further operation was planned.

Marshal Mobutu, who is suffering from prostate cancer, was brought to the Moroccan capital from the northern city of Tangier on Friday and admitted to Avicenne's cardiology ward.

Morocco's official news agency MAP said Saturday that he had suffered "serious bleeding complications" and underwent "radiological vascular intervention" Saturday morning.

"The operation passed in good conditions and the patient was well," the agency said, quoting an authorized medical source.

Marshal Mobutu, his family and entourage had been staying at a hotel south of Rabat, near King Hassan's palace at Skhirat, since their arrival last month.

But on June 18 they moved to Le Mirage hotel in the sea resort at Cap Spartel, about 20 kilometers (12 miles) from Tangier.

Officials then said they expected Marshal Moburu to spend up to six weeks there. Diplomats said he had asked for asylum in Spain and Portugal but had received no response.

Paris Parade Leads Gay Europride Day

Agence France-Presse

PARIS — In colorful parades across Europe, gays and lesbians celebrated Europride day, kicking off in Paris with a march led by gay bikers and a drag queen astride an old fire engine.

Organizers of the annual Europride march put the total turnout in the streets of Paris on Saturday at a record 300,000 — the police put the numbers at 120,000 — packing the parade's path through the eastern part of the city despite the unseasonally cool weather.

The event, which moves to Stockholm next year, has been held for several years and is mirrored each year by a series of smaller demonstrations in national capitals.

Marches took place in Austria and in the Netherlands, where organizers said 14,000 marched.

In Madrid, several thousand gays commemorated the 20th anniversary of their first gay pride celebrations, held June 28, 1977, a year and a half after the death of Franco. Then, a march in Barcelona was broken up with rubber bullets fired by the police.



Agence France-Presse

ALL ROCKED OUT — Fans covered in mud recuperating Sunday after a night of revelry at the Glastonbury Music Festival in England.

GERMANY: *Industry Challenges Practice of Workers on Boards*

Continued from Page 1

"There is not a single country anywhere in the world that seeks to copy German co-determination," Mr. Henkel said. "None. No one wants our model."

For two decades, co-determination has shown it can bog decisions, delay restructurings, block divestitures, suppress boardroom debate and even cause the creation of a cumbersome tier of shadow shareholder boards that hold preparatory meetings in private without union-elected members, Mr. Henkel said.

Candidates for board positions behave like "politicians kissing babies" to win votes of labor representatives, he said.

Explaining why the time is ripe to review co-determination, Mr. Henkel cited two trends that he said unions could not ignore.

The first emanates from the divided heart of German labor itself. The German wage cartel has weakened astonishingly faster than anyone had seemed to expect or hope only a year ago. Threatened with layoffs, worker councils now acquiesce to case-by-case, factory-specific working terms, undercutting their traditional high-wage, short-hour nation-wide contracts. Scores of companies, including BASF, Bayer, Daimler-Benz and Ford of Germany, have their own in-house pacts.

"Germany has moved more in the last 18 months than it has in the last eight years," Mr. Henkel said.

The second trend comes out of Brussels. The European Union has laid the groundwork to establish an EU-wide company statute, opening an unavoidable debate on which aspects of the German model to incorporate.

German unions stand to lose whether such bylaws would include co-determination or not, according to a draft proposed to the European Commission last month. The draft bylaws would provide a novel way around equal labor rights for any German manager willing to alter the legal status of his company or his subsidiaries.

The head of the committee that proposed the bylaws, Etienne Davignon, a former vice president of the European Commission and now chairman of Belgium's biggest company, Societe Generale de Belgique, said they allow for co-determination opt-outs. At the time of incorporation, pan-EU companies would be given a chance to persuade their workers' councils to reject co-determination.

But if workers insisted on boardroom representation, they would not get German-style equality. Mr. Davignon's panel proposed that workers' representatives account for only "a fifth of the members of the management or supervisory board."

"Europe will open the debate whether we like to sweep it under the carpet in this country or not," Mr. Henkel said. "The German business community is quite happy with that proposal because it has much less co-determination."

The EU is under pressure to act on a company statute, Brussels officials say, because of cases like the complication-strewn reorganization of the four-nation Airbus Industrie consortium, not to mention the growing number of pan-European joint ventures, holding companies and joint subsidiaries spawned by the advent in 1999 of a common currency. For business leaders, company laws are the next logical extension of the common market.

But even modest attempts to tamper with co-determination are "strictly opposed," said Hans-Detlev Kueller of the German Federation of Labor. Unions already are fighting a proposal by the Justice Ministry to reduce the number of supervisory board seats to 12 from 20, giving worker-elected members 6 seats instead of 10. Even such a technical change represents "an attack on co-determination," according to Karin Benz-Overhage, a board member at the powerful IG Metall union.

Anticipating union resistance, Mr. Davignon included Ernst Breit, former president of the German Federation of Labor, on his panel. Mr. Breit voted in favor of the bylaws, Mr. Davignon said.

"I feel obliged to warn my European business partners" over the drawbacks of co-determination, said Mr. Henkel, whose seat on the supervisory board of Daimler-Benz Aerospace AG puts him at the center of the Airbus debate. The German company is one of the four Airbus partners.

"It is my job to accelerate change."

BRIEFLY

Troops in Algeria Kill 20 Guerrillas

PARIS — The security forces in Algeria killed 20 Muslim guerrillas after they ambushed a convoy carrying medicine in western Algeria, a newspaper reported Sunday.

El Watan reported that troops killed the rebels in Saida Province last week after the ambush in which four civilians were killed.

The newspaper also said suspected Muslim rebels detonated a homemade bomb on a train early Saturday, killing one passenger and wounding three.

It was the third bomb to be planted on a train in a week. Two earlier ones, in two cars of the same train, wounded at least 46 people, while one newspaper also said two people were killed. *(Reuters)*

Baghdad Increases Monthly Rations

BAGHDAD — The government announced Sunday that it would increase most monthly rations to the Iraqi people, who are still suffering widespread shortages despite the UN oil-for-food deal.

The increase comes a month after Iraq cut in half the ration for rice and declared that it was unable to increase other allotments because the United States had blocked contracts under the deal.

The Trade Ministry, which is responsible for the distribution, did not give a reason for the increase, but the United Nations has required bigger allotments as part of the agreement that allowed Iraq to resume its limited oil exports in December. *(AP)*

Remains in Bolivia Might Be Guevara's

LA PAZ — Investigators will try to determine if the remains of the guerrilla leader Che Guevara are among the six skeletons discovered under an airstrip in Bolivia.

Cuban and Argentine forensics experts found the skeletal fragments Saturday in a common grave near the town of Vallegrande, said Jorge Gonzalez of the Cuban Institute of Legal Medicine.

Tests are to be conducted to determine whether the remains are those of Guevara and some of his rebel compatriots, Dr. Gonzalez said.

Bolivian forces seized Guevara and other rebels on Oct. 8, 1967, near Vado del Yeso, in a remote area southeast of the capital. The captured men were flown about 500 kilometers (about 300 miles) away to Vallegrande, where he and some of the others were executed. *(AP)*

TEST: *For China, Beginning of a New Era*

Continued from Page 1

But the return of Hong Kong is not just a moment of soaring nationalistic triumph for China's Communist Party leaders. It also marks the confluence of major events: notably Mr. Deng's death earlier this year and the convocation of the 15th Communist Party Congress set for this fall, at which the post-Deng leadership will receive formal approval and the future of China's economic revolution will be up for grabs.

The decisions made here in Beijing on the fate of Hong Kong, on relations with Taiwan, on the future of economic reform on the mainland, and on tolerance for human rights and religious freedom may well affect the willingness of other countries to accommodate — or resist — China's rise as a world power.

Hong Kong is the first test in a year of testing. China's leaders are going to be judged on how they manage the fragile enterprise of incorporating the free and vibrant society of Hong Kong into the much larger body politic of the Communist mainland.

In China, power is maintained by robust police-state forces, and political legitimacy flows from how successfully the leaders ride the tiger of economic expansion.

Already, Western governments are expressing alarm over the effect of this on Hong Kong, where China's Ministry of State Security and the intelligence branch of the People's Liberation Army forces have set up shop to search for enemies of the state as the British get set to withdraw.

Several Western countries have privately warned Beijing that any whiff of police state that wafts over Hong Kong will destroy the open environment that has been the key to financial success there.

President Jiang Zemin may be feeling the greatest pressure. Though he is nominally at the helm, he could be the weakest leader since the Communist state was founded in 1949. But his best defense against his internal critics is simply to succeed.

This will require the discipline of granting to Hong Kong, and to the Chinese officials who take over from the departing British, a large measure of freedom. And if Hong Kong's leaders manage to establish their credibility by protecting and expanding democratic rule, Mr. Jiang will share the credit.

But it will not be easy for him to resist the hard-liners with whom he shares power, who will goad him to "stand up" to the raucous press criticism and insults that Hong Kong regularly hurls at Beijing.

If Mr. Jiang is forced to turn the screws, the consequences could be disastrous for his image and for China's.

Optimism also abounds.

If Beijing keeps its promises to preserve Hong Kong's way of life largely unchanged for 50 years, this could mark the opening of a new era of tolerance. It would strengthen Mr. Jiang's hand in making the case for resurrecting political reforms smothered by the 1989 military suppression of the Tiananmen Square democracy movement.

As the 15th Party Congress approaches, many Chinese and Western officials say they sense Beijing's determination to adhere to the path of economic reform while taking incremental steps to enhance China's developing legal system and make modest improvements at the bottom of the political system with village elections.

The signs are tentative and by no means conclusive.

Last month, when Mr. Jiang addressed the party faithful at the graduation ceremony of the Central Party School, he adopted the language of a bolder version of economic reform that his predecessor, Zhao Ziyang, had advocated in 1987. Mr. Jiang argued that China's reforms must proceed under new concepts of ownership, including privatization, for thousands of money-losing state industries.

This shift to the reformist camp does not appear to be an ideological epiphany for a Moscow-trained engineer who became party boss. Rather, it is a recognition that there is simply no alternative, if the central government wants to save the 15,000 largest state industries, which provide 60 percent of its revenues.

And that may be the key to understanding Mr. Jiang, a moderately progressive Communist Chinese leader who stands for very little beyond what will keep him in power.

The biggest threat to his power this summer is a disastrous outcome in Hong Kong. If democracy forces are cornered or forced to mount protracted combat against the strictures of Chinese rule, it will only mire Mr. Jiang in trench warfare with rival factions in Beijing and with the United States and other countries that have declared an interest in Hong Kong's future.

Success may allow Mr. Deng's heirs to take further political risks that have been unthinkable up to now, one of them involving the most sensitive political issue of the decade: a possible review of the official version of what happened at Tiananmen Square in Beijing in 1989.

Mr. Jiang seeks to accomplish by stealth and indirection what he cannot confront head-on. He would use local governments and the courts to release the remaining Tiananmen-era political prisoners gradually, while lifting the legal and professional restrictions on many others so they could return to school or government jobs.

As he begins his ninth year in power, Mr. Jiang certainly knows that the "opening up" policy Mr. Deng began two decades ago is founded on the calculated risk that China's closed and isolated society could begin a modernization drive even if modernization might ultimately undermine — or destroy — the pre-eminence of the Communist Party.

The successful return of Hong Kong may prove that Mr. Deng's heirs are still willing to take the risk of tolerance, of admitting the "enemy" into the motherland. Mr. Deng admitted China's enemies, not knowing whether he could ultimately harness their power, but knowing China would be vanquished by its backwardness if he did not.

FORMULA: *Will the Promises Be Kept?*

Continued from Page 1

conflicting phrases of the handover treaty. Hong Kong's autonomy will be tested time and again.

The success or failure of the China-Hong Kong experiment will be judged according to certain guideposts. Taken together, they will show how Beijing measures up to its promises and guarantees. The following are some of the most important areas to watch and the main questions to ask after the transfer:

- Is Hong Kong's much-vaunted civil service allowed to operate without pressure from Beijing, and will it remain as free from corruption as it is today?

One measure of civil service morale will be the future of the chief secretary, Anson Chan. She tops almost all opinion polls as the most popular public figure in the territory, and the new chief executive, Tung Chee-hwa, has decided to retain her.

But Mrs. Chan has lately been making noises that she would be prepared to quit if she disagrees with the new government on "points of principle." If she resigns, her move would probably prompt an exodus of other top bureaucrats and would be a sign of trouble.

- Are the territory's financial managers — the head of the monetary authority, Joseph Yam, and the financial secretary, Donald Tsang — allowed a free hand in setting fiscal policy? When Mr. Tung announced he was keeping both holdovers from the British colonial government, businesses sighed in relief. A departure by either man would send confidence plummeting, because it might mean Chinese officials or others were trying to inject politics into economic planning.
- Will the incoming government keep its pledge to hold legislative elections within a year? The decision to abolish the current, democratically elected legislature and replace it with an appointed one has added a sour note to what might otherwise be a time of celebration on July 1. Now, instead of celebrating, groups advocating democracy promise street protests and court challenges. An early announcement of an election date might defuse some of the anger.
- If elections are called, will the rules be fair? Or will the type of system, and the shape of electoral districts, be drawn to favor the pro-China parties over the Democratic Party and its allies? The last elections, in 1995, showed that when voters had a choice in single-seat districts, they voted for democracy advocates by wide margins. Mr. Tung may be tempted to redraw the districts to make it harder for the Democrats and easier for his friends to win, but the world hardly would accept the result as genuine.
- Will the courts remain fair and impartial arbiters of justice? The departing British colonialists gave Hong Kong a legal system that is considered the foundation of the territory's economic success. English common law will continue as the legal code here, separate from Chinese law, and a court of final appeal will be established.

Lawyers and others will be watching for any sign that judges are deciding cases based on political favoritism, particularly if Chinese officials and firms are involved in litigation. One hint of trouble might be if judges start leaving the bench before retirement age.

- Will the press be allowed to operate freely? The Basic Law, the document laying out the ground rules for Hong Kong's autonomy under China, guarantees that "Hong Kong residents shall have freedom of speech, of the press and of publication." But Mr. Tung has sent signals about areas that might be considered off-limits, such as advocating independence for Taiwan or Tibet, or criticizing top Communist cadres.
- Will the police continue their relatively lenient view of demonstrations and dissent? Top police officials say yes, but they also add that they will enforce whatever is the law at the time.

The China-appointed legislature, in the early morning hours Tuesday, plans to ram through restrictions that will make street protests illegal. Will the police move in to clear out protesters, or stand aside and let the demonstrations run their course? The first test will come early, in the new government's first few hours. A later sign will be whether the police agree to an independent panel to investigate complaints of abuse.

NATO: *Expecting Big New Market, U.S. Arms Industry Lobbies for Alliance's Expansion Into Former East Bloc*

Continued from Page 1

a lock for the next quarter-century."

The potential market for fighter jets alone is $10 billion, he said. Those jets will require flight simulators, spare parts, electronics and engine improvements. "Then there's transport aircraft, utility helicopters, attack helicopters," Mr. Johnson said, not to mention military communications systems, computers, radar, radios and the other tools of a modern fighting force.

"Add them together, and we're talking real money," he said.

The first signs of a military spending spree in Central Europe have led the managing director of the International Monetary Fund to raise the issue with the secretary of the Treasury. While the State Department says it is urging restraint on the potential NATO nations, the Pentagon is enticing them to buy American warplanes.

NATO leaders are to meet in Madrid on July 8 and 9 to vote on expanding the alliance. The Clinton administration says the Czech Republic, Hungary and Poland should be admitted now.

Some NATO members say Romania and Slovenia should join now, too. But the United States says Romania's democracy and Slovenia's military do not yet meet the alliance's standards.

After Madrid, the issue moves to the U.S. Senate, which must approve new member states by a two-thirds vote.

"To make sure the Senate knew this was an important aspect of U.S. security," Mr. Jackson said, his U.S. Committee to Expand NATO recently gave a dinner for a dozen senators at the private Metropolitan Club, two blocks from the White House.

Over lamb chops and red wine, the senators heard Secretary of State Madeleine Albright explain NATO expansion. The guest list included Bernard Schwartz, chairman of Loral Space and Communications, a company partly owned by Lockheed Martin. Mr. Schwartz personally donated $601,000 to Democratic politicians for the 1996 election. Lockheed Martin itself gave $2.3 million to congressional and presidential candidates in the 1996 election, part of a five-fold increase in defense companies' donations to Democrats from 1992 to 1996.

Lockheed Martin wants its F-16 fighters to replace the old Soviet-made MiG-21s in the hangars of Central Europe. Norman Augustine, Lockheed Martin's chief executive, toured Hungary, Poland, the Czech Republic, Romania and Slovenia in April, drumming up business and supporting the largest possible expansion of NATO. In Bucharest, following through on an $82 million radar contract, he supported Romania's entry.

"Norm has an emotional commitment to NATO expansion," Mr. Jackson said.

In May, the chairman of Bell Helicopter Textron, Webb Joiner, also promoted Romania's bid as he sealed a $1 billion deal to sell the Romanians marine attack helicopters. In Washington, the company's lobbyist, Dick Smith, said that Bell Helicopter Textron was fighting for Romania's inclusion by "doing everything we can to tell their story to our friends here."

Mircea Geoana, Romanian ambassador to the United States, said, "The most interested corporations are the defense corporations, because they have a direct interest in the issue."

The U.S. administration says the cost of a few nations' joining NATO may reach $35 billion over 10 years, with the United States paying about $2 billion. But the Congressional Budget Office says the cost may reach $125 billion over 15 years, with the United States paying up to $19 billion.

Deputy Secretary of State Strobe Talbott said in an interview that Central European nations would actually spend less on weapons if they were admitted to NATO, thanks to the collective security offered by the alliance.

"Feeling more secure, they will feel less incentive to build up their armaments to deal with real or perceived insecurities," he said.

But the Czech Republic, Hungary and Poland all project rising military budgets in coming years, although that spending is still a small portion of their economies, according to a Senate Foreign Relations Committee report by Senator Joseph Biden Jr., a Delaware Democrat who supports NATO expansion.

Critics of NATO expansion say weapons spending could create political and economic problems in Central Europe.

"It's extraordinarily unwise for these countries to shoulder these costs when they must pay the costs of meeting their social needs," said Jack Matlock, a former U.S. ambassador to Moscow.

"These countries are free to buy American arms," he said. "The question is how they pay for it. If the American taxpayer finances them, this would be a direct subsidy to the arms industry. If they pay for them themselves, it could lead to real distortions in these countries' own budgets."

The prospect of soaring weapons spending by potential NATO nations, particularly Romania, also worries the International Monetary Fund, whose billions of dollars of loans in the region are conditioned on fiscal restraint, according to the fund's officials.

This month, the fund's managing director, Michel Camdessus, raised the issue of military spending in Central Europe with Treasury Secretary Robert Rubin, according to a senior Treasury official.

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Hong Kong Handover

China's Chance

Madeleine Albright's datebook nicely captures America's ambivalence about the return of Hong Kong to China at midnight Monday. The secretary of state will attend the transfer ceremony, properly honoring China's historical claim to Hong Kong. She will skip the inaugural session of the new Hong Kong legislature, rightly snubbing an undemocratic body appointed by China's leaders.

There is good reason for Americans to be troubled by the transfer.

A relatively free society is being handed over to a Communist dictatorship not quite a decade after the Berlin Wall fell. The inglorious history of Britain's claim to Hong Kong, established in 1842 after British forces overwhelmed China in the Opium War, justifies the transfer. A reasonable 1984 agreement between Britain and China compels it. The accord, known as the Joint Declaration, provides for a high degree of autonomy in Hong Kong until at least 2047, including the maintenance of political and economic freedom.

The question of the hour is whether China intends to keep that promise, once succinctly described by Deng Xiaoping, then the Chinese leader, as a commitment to "one country, two systems." The answer is not likely to come quickly or clearly. The relationship between China and Hong Kong is highly intricate, and not easily condensed into the videotape or headlines of a 24-hour news cycle.

Democracy supporters may be harassed by the authorities if they stage demonstrations in the days ahead, but that will not necessarily signal the immediate death of liberty in Hong Kong. Conversely, China's leaders may publicly reaffirm their pledge to live with a largely autonomous Hong Kong, but that will hardly guarantee the survival of an independent judiciary, professional civil service and free press.

In financial terms, Hong Kong has already been largely absorbed by China. Over the last decade the colony's bankers and businessmen invested heavily in China. And the economies of the two societies are now thoroughly interwoven. Self-interest suggests a degree of restraint is likely in both communities. But the preoccupation with profits among Hong Kong's civic leaders may also leave political freedoms exposed to erosion. No one knows how tight China's grip can get before it starts to choke off the entrepreneurial oxygen that has sustained strong growth.

Certainly, China's initial political moves in Hong Kong have been alarming. The new legislature is theoretically temporary, but China has left unclear whether it will eventually allow a freely elected body. Hong Kong's new chief executive, Tung Chee-hwa, is a shipping magnate with a fondness for Singapore's authoritarian political system. China has warned that "subversive" dissent will not be tolerated, leaving itself wide latitude for repression. Last week's decision to garrison 4,000 Chinese troops in Hong Kong was a crude move to intimidate its citizens.

Beijing, by habit and ideology, is quite capable of squashing freedom in Hong Kong. But as China steps onto the world stage, it has an opportunity in Hong Kong to present a different face. Few nations get such a chance to define themselves.

—THE NEW YORK TIMES.

Stay Vigilant

Wei Jingsheng, China's leading dissident, recently was badly beaten in jail by fellow inmates, with the apparent encouragement of his jailers, according to his relatives. The courageous Mr. Wei, 47, whose only crime is the peaceful advocacy of democracy, was already suffering from serious medical problems. China's leaders, who have kept him in prison for most of his adulthood, will not grant him access to adequate medical care.

Why raise such an unpleasant subject on the historic occasion of Hong Kong's reversion from Britain to China? The transfer of authority will understandably be a moment of pride for many Chinese, the righting of an imperialist wrong. Many residents of Hong Kong share a national satisfaction in seeing one of their own installed, for the first time, as Hong Kong's chief.

But many in Hong Kong also feel ambivalence about the fact that the new chief, Tung Chee-hwa, was handpicked in Beijing. Hong Kong has evolved into one of the freest societies on earth. China, as Mr. Wei's suffering reminds us, has not. Hong Kong's new, Beijing-approved legislature will soon pass new laws on sedition and the protection of state secrets — the very statutes China has used to repress dissent.

This does not mean that freedom is about to be snuffed out overnight in Hong Kong. Chinese leaders have promised to respect Hong Kong's autonomy; if they don't, both their own international standing and Hong Kong's economic value to them may be diminished. Mr. Tung, though of uncertain commitment to democracy, is a businessman of stature who has selected able lieutenants and who may battle for Hong Kong's independence. The United States and, just recently in Denver, its allies among leading industrialized nations all have pledged vigilance on behalf of Hong Kong's liberty.

Signals from both China and the United States are less clear than the promises themselves. Beijing already has replaced Hong Kong's elected legislature with an easily controlled appointed version and has significantly scaled back Hong Kong's civil liberties. President Bill Clinton, while promising support, has never spelled out what might be at stake — presidential summits? China's accession to the WTO? — if China tramples on Hong Kong's freedoms. Sometimes it seems as if the administration wants to champion human rights without risking goodwill in its relationship with China.

This ambiguity is continuing right up through the transfer, as Secretary of State Madeleine Albright announced she would boycott the swearing-in of Hong Kong's new puppet legislature but then decided to send a high-ranking aide to the event.

Mr. Wei has long understood that international pressure can influence China's behavior. When Beijing wanted to be chosen to hold the 2000 Olympics, Chinese leaders released him; when the games went elsewhere, the leaders threw him back in jail. After his recent beating, Mr. Wei told visiting relatives: "The United States and other Western countries have succumbed and stopped criticizing China. China feels it can now do whatever it wants to me and other dissidents."

The Clinton administration and its allies should do everything they can to ensure China does not feel emboldened to mistreat Hong Kong's 6.3 million citizens with the same impunity.

—THE WASHINGTON POST.

Other Comment

Good-bye to All That

As Hong Kong's 28th and last governor, Christopher Patten was its first politician. Appointed to executive office, he used his bully pulpit to plump for a democratic legislature. And though he eschewed the traditional plumed pith helmet and sword for the sober grey of a business suit, the sense of honor he sought to impose on the end of Britain's colonial enterprise in the Far East embodies the best Victorian virtues.

Today, of course, colonialism has come to be identified almost exclusively with its European strains, often as a synonym for exploitation and racism. And surely the idea upon which all colonialism rests — that one race or nation should rule another — is grating even in the best of circumstances.

As Hong Kong has moved closer to reunification, the old slights and grievances have been resurrected. Certainly they constitute legitimate points of historical debate and inquiry. Yet it seems to us that a China which encourages Hong Kong people to put behind them the events of just eight years ago on Tiananmen Square is not in a strong position to play the opium card of a century and a half ago.

Whatever the wrongs of the past, the Hong Kong which Britain bequeaths to China is the most vibrant Chinese city in the world. Though no objective reading of Britain's colonial record can be blind to its sins, neither should it prevent us from acknowledging its accomplishments.

—Far Eastern Economic Review (Hong Kong).

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The Last Gasp of Britain's Imperial Retreat

By Denis Judd

LONDON — The British empire will effectively come to an end when easily its most populous remaining colony, Hong Kong, is reclaimed by China. Despite retaining a scattering of islands like St. Helena and Bermuda, the union flag is finally coming down and 500 years of British imperial history will end not with a bang but a whimper.

The whimper, which may swell to an embarrassingly shrill cry for help once the Chinese government is truly in control, comes from Hong Kong. The signs are not good for the preservation of Western-style democracy in Hong Kong: The Legislative Council will be dissolved at the handover, and although China has undertaken to hold elections for a less powerfully constituted assembly by the summer of 1998, a great deal can go wrong in the meantime. Dissent, both public and private, will at first be a sternly rationed commodity and will very likely be crushed altogether in due course.

That the British government under Margaret Thatcher, that apparently doughty defender of Western values, should have set this process in motion in the early 1980s seems at first sight astonishing. Yet it is wholly consistent with the principles, or lack of them, that have marked the British retreat from empire which began in 1947, when the greatest imperial possession, India, became independent.

The demotion of the empire and commonwealth as a vital and enriching British interest has been taking place since at least the end of World War II, when a victorious but bankrupt mother country could no longer sustain its global influence on anything like the previous scale. In addition, the crushing Labour victory in the British general election of July 1945 seemed to demonstrate the electorate's desire for social reform and full employment at home, not vainglorious posturing and imperial pomp overseas. The empire, after 1945, was on the way out, and the welfare state was on the way in.

By a neat historical coincidence, Tony Blair's recent triumph means that a Labour government will preside over the loss of Hong Kong, the final meaningful imperial retreat, almost exactly a half century after Clement Attlee's great reforming administration of 1945-50 pushed through the independence of India and Pakistan in the summer of 1947. Not that it matters a great deal which party is in power as the flag comes down.

Bluntly put, self-interest and a desire for profitable trade and national security, not high-minded philanthropy and a passion for democracy, were at the root of Britain's acquisition of the largest empire in world history. A similar selfishness has marked the process of imperial devolution. This has not always been easy to discern, masked as it has been by the rhetoric of "orderly decolonization," "the granting of independence," "the establishment of democratic institutions," "the gift of the rule of law" and equivalent bland and comforting mantras.

It is not difficult to see why this should have been the case. Few governments, even the most totalitarian, feel able to justify their actions without some ritual reference to noble purposes and uplifting vision. Such tactics help to muffle dissent at home and opposition abroad. They also look good on the public record and serve to oil the wheels of various propaganda machines. Furthermore, they provide a camouflage behind which painful adjustments to national decline and the withering of global influence may be endured.

Hong Kong will be surrendered at the end of June 1997 in a style uncannily reminiscent of the way in which the British withdrew from India almost 50 years ago, in August 1947. There will be gorgeous, perhaps moving, ceremonial. Flags will be lowered; heads of state or their representatives will shake hands; important figures from the worlds of politics, defense and business will mingle and fraternize; the socially ambitious will have secured their tickets of admission, and the masses will have been assured that in the best of all possible worlds all is for the best.

In both cases the image will be deeply flawed and to a large extent fraudulent. The British left India in 1947 not because they wanted to but because they could no longer sustain their power. They also knew that their trade with India was far less significant than before and that the public at home wanted the welfare state and full employment, not a bitter and costly war to retain the Raj. Equally significant, they had for some time felt that they could hand over to an Indian elite, often Western-educated, that would keep the subcontinent safe for both British investment and international capitalism.

Almost at the last minute, however, this self-serving formula looked doomed. The leader of the Muslim minority, Mohammed Ali Jinnah, demanded a separate Muslim state — Pakistan. Hitherto British policymakers had convinced themselves that they could hand over a united subcontinent to its new masters. Jinnah was intransigent. The transfer of power seemed stuck.

If the freedoms of several million former British subjects are cynically abandoned, this will be nothing new in British imperial history.

In a decisive masterstroke, Attlee sacked the viceroy, Lord Wavell, and appointed the king's cousin Lord Louis Mountbatten in his place. Mountbatten, vain, overweening and with few principles save those of self-promotion, conceded partition and hustled India to independence in a few months. In the process of the creation of India and Pakistan, perhaps a million refugees were slaughtered in communal massacres, mainly in the Punjab, as millions trekked to their religious homelands across the new borders.

Despite the horrors of partition and the often grubby deals surrounding it, successive British governments presented this first great retreat from the modern empire as a singular triumph. There are all the signs that the handing over of Hong Kong may be similarly whitewashed, although thousands of local people have been courageously trying to make their anxieties heard.

Essentially Britain has no option but to go. Within the colony, the New Territories are on a 99-year lease that expires this year; thus the British can appear as good tenants, leaving at least part of their property according to contract. But Hong Kong Island was ceded to Britain in 1842 in perpetuity, and Kowloon 20 years later. Why abandon them?

The truth is that even if Britain wanted to hang on to Hong Kong, it lacks the muscle to do so. In any event, Hong Kong was originally acquired for the purposes of trade and the opening of a door to the Chinese mainland; such advantages are more likely to be maintained after a peaceful transfer of power than after an unseemly and unwinnable spat with the People's Republic.

If, in the process, the relatively democratic freedoms of several million former British subjects are cynically abandoned, this will be nothing new in British imperial history, as the briefest scrutiny of the empire's abandonment will show — from Burma to Nigeria, from Palestine to Zimbabwe.

The great Victorian prime minister Lord Palmerston, an unscrupulous practitioner of "gunboat diplomacy," put all of this into a neat phrase, a soundbite before they were defined, when he declared that "Britain's interests are eternal." The retreat from Hong Kong is merely the latest proof that he was right.

The writer is a historian whose most recent book is "Empire: The British Imperial Experience From 1765 to the Present." He contributed this comment to the International Herald Tribune.

All Asia, and the West, Will Feel the Transfer's Reverberations

By Richard Halloran

HONOLULU — After the Union Jack has been hauled down and the Chinese red banner run up, after the smoke from firecrackers has cleared and the last drumroll faded away, after the speeches and parades and sporting events and political formalities, the return of Hong Kong to China will have profound consequences for all of Asia — and the West.

At midnight between Monday, June 30, and Tuesday, July 1, the British Crown Colony of 150 years will become a Chinese Special Administrative Region, with Beijing having pledged that it will enjoy a "high degree of autonomy" for 50 years. Only foreign affairs and national security will supposedly come under China's purview.

The shift of Hong Kong to Chinese governance, however, will be far more than a change in sovereignty for the city-state of 6.3 million people clinging to the underbelly of China's southeastern coast. The implications will show up in at least five ways:

• *Nationalism:* The reversion of Hong Kong is the next to last gasp in 500 years of European, American and Japanese colonialism in Asia; the last will be the reversion of the Portuguese colony of Macao to China in 1999. The prospect of these handovers has fueled a paroxysm of nationalism in China and applause across Asia, where national pride is the most powerful political and social force.

• *China's future:* Beijing's rule of Hong Kong will be watched everywhere as a measure of whether China will abide by its treaty with Britain and thus its other international commitments. Further, China's governance will be a gauge as to whether Beijing will use the wealth of its expanding economy to assert itself aggressively or to improve the lot of its 1.2 billion people.

• *Hong Kong's fate:* China has made clear that Hong Kong will have no more political freedom than the mainland. Because Hong Kong is an economic center, its fate will affect the economies of Asian and Western nations. Hong Kong Chinese have expressed optimism because a thriving Hong Kong would benefit China. Many Westerners fear that Chinese bureaucratic incompetence, greed and corruption will jeopardize Hong Kong.

• *Taiwan:* China contends that the "one country, two systems" under which Hong Kong is intended to prosper will entice Taiwan, which Beijing considers a breakaway province, to reunite with China. Taiwan has explicitly rejected that approach.

• *Foreign influence:* British, American and Japanese leaders have said they will support Hong Kong's rights after reversion. In stark fact, no outside power will have much influence. The handover is the result of a treaty, but a Chinese official, Zhao Jihua, has brushed that aside: "Hong Kong will be the internal affair of China. No foreign government, or foreigners, are in a position to interfere with the internal affairs of China."

Of these consequences, perhaps the most important will be the effect on nationalism in Asia. Hong Kong's reversion symbolizes the end of Chinese humiliation by the West and Japan, and the stimulus to Chinese nationalism will be evident not only in the extravagant celebrations of July but in years ahead.

The Far Eastern Economic Review, published in Hong Kong, summed up Asian sentiment: "Asian countries accept Beijing's claim to Hong Kong and will cheer this prominent symbol of the coming Asian century."

The immediate prospects for Hong Kong have become visible as the Chinese make clear that steps toward democracy begun by the British will be reversed. Freedom of speech, assembly, the press and religion will be controlled despite Beijing's promise of a high degree of autonomy.

Economically, most observers believe the Chinese will strive to foster Hong Kong's prosperity because it serves Beijing's purposes, but that effort may well fail because of bureaucratic red tape and corruption. China's economy has been hampered by inefficient government enterprises and rampant bribery.

The Economist Intelligence Unit, an affiliate of the Economist magazine in London, had considered Hong Kong the world's most favorable place to do business over the last five years. Over the next five years, Hong Kong will fall to 14th place, it projects. Polls of Asian executives taken by the Far Eastern Economic Review found a majority thinking that curtailed civil liberties and the legal system in Hong Kong would make it less attractive for business.

"Hong Kong will be the internal affair of China. No foreign government, or foreigners, are in a position to interfere with the internal affairs of China."

Lastly, John Bull and Uncle Sam can bluster about what they consider excesses in China's control of Hong Kong, but there is little they can do about it. Neither appears to have the stomach for economic sanctions and neither is about to threaten military action.

A British official, Hugh Davies, emerged from last-minute negotiations with China to declare that if it reduced Hong Kong's economic autonomy or restricted political freedoms, "we would blow the whistle." Asked what Britain could do, he conceded that any moves would be "largely diplomatic."

International Herald Tribune.

Look at the Movie, Not Snapshots

By Jim Hoagland

WASHINGTON — The reversion of Hong Kong to China is not merely a symbolic act, a quaint epitaph to empire or a simple morality play about evil overtaking good. It is a changing of history's flight path: At one second past midnight on July 1, China emerges from a century of humiliation to assume new force, wealth and restored pride as an Asian power.

Those of us who are sharply critical of the regime in Beijing and apprehensive about its intentions toward Hong Kong cannot begrudge the Chinese nation this day of restoration, even as we wish that Britain and the international community had negotiated better terms for the handover and stronger protection of human rights.

Besides, to deny that China has a historic right to regain this stolen territory now would play into the hands of the hard-liners in Beijing who portray any criticism of them as a criticism of — and a plot against — the Chinese people. "We know there are two kinds of people in America watching the return: Those who fear it will fail, and those who want it to fail. We will remember," a high-level Chinese official told a recent Western visitor to Beijing.

Such paranoia underscores the growing importance of the psychological dimension in China's tangled relations with the West and its Asian neighbors. So does Beijing's determination to use the restoration as a crowning moment of healing a century-old wound that contributed to the pauperization of a once great empire.

The governmental alchemy that will occur in Hong Kong on July 1 will move the territory's 6.3 million people, and about $60 billion in foreign currency reserves, from an environment of unfettered global capitalism to a still uncertain form of political and economic control by a distant, geriatric Leninist politburo.

That alchemy will also demand adjustments in the foreign policies of all major governments, especially in the Clinton administration's still evolving approach on China, which has recently shifted emphasis in two areas with direct bearing on Hong Kong.

The first change is to emphasize to the Chinese government and to the American people that official Washington is watching Beijing's behavior on human rights, on Hong Kong and on destabilizing arms purchases and sales, and can add sticks to an approach that has been almost entirely carrots until now.

"It is very important that we watch this reversion as a movie, not as a snapshot," said Samuel R. (Sandy) Berger, President Bill Clinton's national security adviser and a key force in the shaping of U.S. China policy, in a recent conversation. "We will be watching over an extended period of time to see if the commitments the Chinese government has made" to avoid abrupt, autocratic change in Hong Kong will be honored.

America has a duty to speak clearly.

"This is a unique situation. Hong Kong reverts to Chinese sovereignty, but it still has a distinct legal status," he continued. "How China handles this unique situation is a very important indicator of China's overall direction and its integration into the international community, and of how our relationship with China will develop."

I took this as a very diplomatically phrased warning to Beijing that a crackdown on Hong Kong in the coming months would jeopardize the midautumn summit meeting between President Clinton and Jiang Zemin. In his comments, Mr. Berger portrayed that meeting and the other high-level contacts Mr. Clinton has authorized as tools to get the Chinese to change more, rather than as celebrations of the change Beijing says has already occurred.

"We feel that as a practical matter we can get more done if we meet with the Chinese leaders and try to figure out how to promote change rather than giving them a list of 14 preconditions they have to fulfill in order to have a meeting," Mr. Berger said.

This might be a spiffed up version of the old "quiet diplomacy" excuse for doing nothing. But I was struck that in discussing human rights on the mainland and in Hong Kong, Mr. Berger used more muscular verbs than leading Clintonites deployed in the second half of the president's first term:

"We want to cooperate, but there are fundamental areas of difference where we need to confront the Chinese, like human rights. ... I'm not one who believes commercial engagement is a sufficient human rights policy in itself. ... Any movement toward permanent most-favored-nation status for China will have to be accompanied by progress on human rights."

The administration is also now emphasizing that its policy toward Beijing is part of a broader "Asia" policy that is less focused on China as a potential economic superpower. Working with China's neighbors to influence Beijing's behavior is a paramount strand of that policy, Defense Secretary William Cohen suggests.

"Working with Japan and the nations of Southeast Asia gives us more influence with China. If we split off from them, we lose leverage on China," Mr. Cohen says.

The change in Hong Kong is foremost for Beijing a matter of righting past wrongs. But reversion also provides an opportunity, and an obligation, for Washington to think and speak more clearly about the future, of China and of U.S. expectations in Asia. However small, the signs that the Clinton administration is beginning to step up to that challenge are welcome.

The Washington Post

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1897: Lovers' Suicides

PARIS — A double suicide, the cause of which is said by the French press to be *amour*, was reported by the *Temps*. M. Emile J— , after many years of married life, deserted his wife and went to live with a dressmaker. After a time he wished to get a divorce from his lawful mate and failing drowned himself in company with the second object of his choice. After a last adieu the lovers bound themselves together and threw themselves into the Seine, expending their final strength in a last kiss.

1922: Dublin Fighting

DUBLIN — The fighting of the rival factions of the Irish Republican Army spread throughout the central part of the city today [June 29]. New contingents of irregulars have occupied several buildings, from which they are able to hamper the communication of the regulars with their bases at Beggars Bush and other barracks. A Cabinet Minister said that the Provisional Government was ready to raze the buildings if necessary to drive out the irregulars.

1947: Captive Let Go

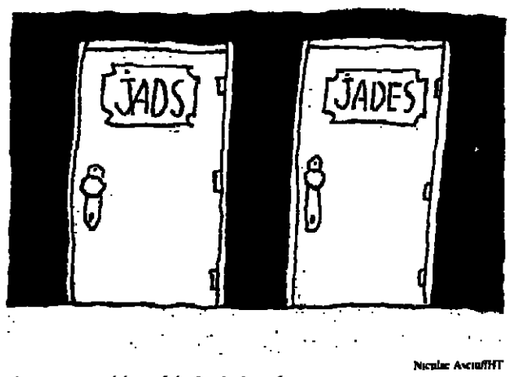
PALERMO — Palermo police said tonight [June 28] that Angelo Alamia, reportedly an Italo-American from Brooklyn, New York, had been kidnapped and held by the bandit leader Salvatore Giuliano. Mr. Alamia had come to marry a Sicilian girl living in the village of Carlini, near Palermo. Mr. Alamia said he was held in a richly furnished room and treated with every consideration by masked men who brought him abundant food. He said that the jewels, money and watch he was carrying when kidnapped were not stolen and that he was set free without paying any ransom.

صكناس الاصل

LANGUAGE

The Jade From Gem to Hack to Hussy

By William Safire



Nicolas Ascuff/IHT

WASHINGTON — "We will see a legion of men," wrote the New York Times columnist Maureen Dowd in high dudgeon, "prompted by the president's lawyer, come forth and accuse Ms. [Paula] Jones of being a jade who wore short skirts and flirted. Imagine."

A *jade?* Many of us have given a gift of *jade*, which is a green gemstone. Its name comes from the Latin *ilia*, "side," based on the ancient notion that the wearing of the green cured a pain in the ribs. (That's a stitch.)

And all of us world-weary sophisticates know what it's like to feel *jaded* — senses dulled from too many self-indulgent experiences, satiated with sex, booze, lies and videotape.

But the noun *jade*, in reference to a woman? Sounded Elizabethan to me; sure enough, there it is in Shakespeare: "I know he'll prove a *jade*," Petruchio is told in "The Taming of the Shrew." In "City Gallant" (1614), by John Cooke, a woman is derogated with "She's good for nothing, then, no more than a *jade*."

Why this sense of worthlessness? The origin is the Icelandic *jalda* or Finnish *alda*, "a mare." Starting with Chaucer in 1386, it became a contemptible name for a horse, like those that later dragged themselves around Hackney (whence *hack*, as in *hack journalist*). Tired, overworked, whipped *jades* led to the current sense of *jaded*, but the noun derogation of mares also took off in another direction — to put down human females.

The OED gives a 1560 description of a wanton: "Such a *jade* she is, and so curst a quean, She would out-scold the devil's dame I ween." The slang word's meaning degenerated into "worn-out prostitute," though it sometimes means the less pejorative "hussy" or "minx."

In the synonymy of misogyny, *harlot* is a professional, now called a *sex worker;* a *strumpet*, a *bimbo* and a *slut* are "unchaste to the point of being debauched"; a *trollop* and a *slattern* are "sloppy but not necessarily immoral"; a *wench* is archaically "sexy without a judgment of promiscuity," and a *jade* is "plain worn out," whether from honest or oldest-professional labor.

"All three TV stations out here," writes Pat Quinlan Frye of Santa Fe, New Mexico, "are using *closure* for school closings. We desperately need your help."

In New York, Duncan Steck, formerly of Merriam-Webster, writes about *closure* from another angle: "Have you ever done anything on that word as it pertains to relatives coming to *closure* after the cruel deaths of loved ones?"

Even nontraditionalist U.S. senators, straining to keep up with the most modern lingo, are invoking *closure*. What they mean is *cloture*, a French word that has come to mean, in English, "a motion to end debate." Some grammarians objected to the use of a French word when an English one exists, but *cloture*, in Washington, is a word that has gained a specific legislative meaning, getting a big play whenever a filibuster is undertaken. Let's keep *cloture*.

Closure is an act that brings about an ending. It offers a sense of completeness, a conclusion. The reason the word is heard so often these days, especially in the wake of disasters like the Oklahoma City bombing and the death sentence given to the perpetrator, is that the term is a favorite of psychologists and pseudoalienists.

When you shut the doors, you have a *closing*. When you cut off debate, you achieve *cloture*. When you wrap up and tie a ribbon around an emotion, you have *closure*. Nowhere is it written that you are forbidden to use *completion* or *finish*.

New York Times Service

BRIDGE

By Alan Truscott

ONE women's team has claimed the right to represent the United States in the World Championships in Tunisia in October. Marinesa Letizia, Lisa Berkowitz, Jill Meyers, Randi Montin, Tobi Sokolow and Mildred Breed won the final of the Women's International Team Trials. The losers were Pam Wittes, Stasha Cohen, Cheri Bjerkan, Sue Weinstein, Shawn Quinn and Judy Wadas.

In the diagramed deal from the final, Quinn, South, jumped to four hearts after her partner's passed-hand cue-bid promised support with game interest. After a diamond lead she played the jack from dummy and the queen won. East shifted to the spade king, and South took the ace, led a heart to dummy's jack and digested the bad news. She then cashed the king and ace of clubs, reaching the position shown at right:

NORTH
♠ 9 3
♡ Q J 8 2
◇ K J 8 5 2
♣ K 2

WEST(D)
♠ 10 7 6 5 4
♡ 10 9 7 4
◇ 6 3
♣ 7 5

EAST
♠ K Q 8 2
♡ —
◇ A Q 10 4
♣ Q 9 8 4 3

SOUTH
♠ A J
♡ A K 6 5 3
◇ 9 7
♣ A J 10 8

North and South were vulnerable. The bidding:

West	North	East	South
Pass	Pass	1 ♢	1 ♡
Pass	2 ♢	Pass	4 ♡
Pass	Pass	Pass	

West led the diamond six.

South led a club and Meyers, West, ruffed with the heart nine. South overruffed with the queen, led a trump to the king and played her remaining club. If West had ruffed, South would have thrown the spade from dummy and made her game. But West correctly discarded a diamond and dummy ruffed.

Now there was no way back to the closed hand. A diamond was led from dummy, and East took the diamond ten and the spade queen before leading her last club to promote the heart ten as the setting trick.

If South discards dummy's spade when West ruffs in the diagramed position, it takes a trump return to defeat the contract. The defense, however, succeeds quite simply if West discards a spade on the club instead of ruffing.

NORTH
♠ 9
♡ Q 8 2
◇ K 8 5 2
♣ —

WEST
♠ 10 7 6 5
♡ 10 9 7
◇ 3
♣ —

EAST
♠ Q 8
♡ —
◇ A 10 4
♣ Q 9 8

SOUTH
♠ J
♡ A K 6 5
◇ 9
♣ J 10

BOOKS

GROUND ZERO: The Gender Wars in the Military

By Linda Bird Francke. 304 pages. $25. Simon & Schuster.

Reviewed by Richard Bernstein

NOBODY will accuse Linda Bird Francke of bad timing in "Ground Zero," her well-reported account of the sexual wars in the military. Francke, who has written books on abortion and divorce and has collaborated on several books by women involved in politics, is, as they say, on the news with this new work.

The main thread of her interesting narrative runs through the long and, so far, unsuccessful campaign to repeal the ban imposed by law against women's serving as combat soldiers. But as Francke deals along the way with such matters as sexual harassment and other forms of anti-female discrimination, she makes it clear that she is really writing about the ongoing culture wars in America, of which the battle over women in the military is especially hard fought.

Francke makes no secret of where she stands on the battlefield. She calls her book "a narrative of the cultural and biological forces at work within the military culture that divide the sexes, dictate women's harassment and demean their achievements."

The disdainful and sometimes violent treatment of women shows, she writes, "the male attitudes ingrained in the military culture — the institutional promotion of male dominance, the aura of hypermasculinity, the collective male imperative to disparage women in general and specifically women in the military."

Francke gives some graphic evidence of this untrammeled sexism and, as she does so, she makes an unignorable case that women would be discriminated against in the army, the navy and the air force even if it could be proved that they performed certain tasks better than men.

"Ground Zero," in short, is a tough-minded defense of the proposition that women should enjoy the same equality of opportunity in the armed forces as they have sought in other areas of life. Francke treats the armed forces as though they were the same as any other major institution of American life, say, college sports or medical school, assuming that the objections raised to women's performing combat roles are nothing more than rationalizations for *underlying prejudice*.

"Successful Women, Threatened Men" is the subtitle of her concluding chapter. "Women cleared for combat positions are on a collision course with the male need for masculine reassurance," she argues. But as the ultimate defender of the nation against outside enemies, the army is a unique institution, one whose ultimate purpose is not to be fair to its members but to kill enemy soldiers, as many of them as possible, and that task inevitably involves getting killed as well.

Francke does not weave that essential fact into her argument. She assumes that *realizing complete sexual equality* requires no cost in military effectiveness, an assumption that requires a good deal more scrutiny than she gives it.

She further assumes, in the event of a major conflict with substantial casualties, that there is no moral or practical difference if women do substantial amounts of the killing and dying, eliminating what has until now been an exclusively male area of responsibility.

THIS has the effect of limiting Francke's persuasiveness for those readers who may be uncertain that sexual equality ought to extend to the task of slaughtering enemies, or, indeed, to making the ultimate sacrifice.

Francke argues from the example of the Gulf War, during which there were 15 female dead of the total of 375 American fatalities, that the public is ready to *accept* casualties among women. But what would the public's reaction — indeed, what would Francke's reaction have been — if the American soldiers beaten, killed, mutilated and dragged through the streets in the failed intervention *in Somalia had been women*, perhaps one or two of them pregnant?

Richard Bernstein is on the staff of The New York Times.

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Solution to Puzzle of June 27

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Puzzle by Peter Gordon

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GO: 3,87 FOD*: 2,19
SC97: 5,32 SCSP: 5,13

UK en £ - TVA 17,5% (float 8%)
AU 29/06/1997
GO: 0,5359 FOD*: 0,9476

ALLEMAGNE (zone I) en DM - TVA 15%
ZONE I - G :
GO: 1,05
ZONE II - I :
GO: 1,04 SCSP: 1,43
ZONE III - F :
GO: 1,01 SCSP: 1,38
ZONE IV - F :
SCSP: 1,37
ZONE IV - G :
GO: 1,03 FOD: 0,70

BELGIQUE en FB/f - TVA 21%
AU 25/06/1997
GO: 21,74 FOD: 10,38
SC97: 32,98 SCSP: 30,91

HOLLANDE (zone2) NLG/f - TVA 17,5%
GO: 1,231 FOD: 0,778
SC97: 1,778 SCSP: 1,735

LUXEMBOURG en LUF/f - TVA 15%
AU 27/06/1997
GO: 18,96

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THE INTERMARKET Starts on Page 11

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PORTUGAL INDUSTRY UPDATE SERIES

TELECOMMUNICATIONS

KEY ALLIANCES ARE FORGED ACROSS THE GLOBE

In order to prepare for an open market, Portugal Telecom is linking up with partners in Europe, the Americas and Africa.

Portugal Telecom has forged a partnership with one the leading global telecommunications alliances. The move is the latest stage in the group's successful strategy of becoming more competitive in preparation for the full liberalization of the European telecoms industry.

After a year of negotiations and careful deliberation, Portugal Telecom, Portugal's national telecommunications operator, opted to link up with Concert, the partnership between British Telecom and MCI, one of the three global telecoms alliances; the others are Global One and Unisource.

At the same time, Portugal Telecom has reached a partnership agreement with Telefónica, the Spanish telecoms operator, aimed at developing services in the Iberian peninsula and Latin America.

"British Telecom, MCI and Telefónica are probably the three most successful telecoms operators in the world," says Francisco Murteira Nabo, who is the president of Portugal Telecom. "These partnerships will give our group privileged access to the capacities we need to become a world-class company."

Portugal's planning and public works minister, João Cravinho, says Portugal Telecom selected Concert as the best partner for developing Portugal's telecommunications sector "in an environment of free enterprise and healthy competition."

BT and MCI — the second-largest long-distance operator in the United States — are the companies that best complement Portugal Telecom's international strategy, which is focused on Latin America, Africa and Asia, says Mr. Murteira Nabo.

In addition, Portugal Telecom and Telebrás, the Brazilian telecoms company, have launched a joint venture called the Aliança Atlântica, a partnership that aims to develop business in Portuguese-speaking countries and other markets. Joint investments are to include the Atlantis telecommunications cable linking Europe, Africa and South America, expected to cost 40-50 billion escudos ($230-$285 million).

Objectives

Portugal Telecom's new partnerships are aimed at developing more international traffic, stepping up exchanges of technology and expertise, improving service and furthering expansion into new international markets.

Mr. Murteira Nabo highlights the main objectives:

- Benefiting from the experience and know-how of companies operating in highly competitive markets that can provide Portugal Telecom with new products and advanced technology to expand its services and improve efficiency.
- Ensuring Portugal Telecom's overseas expansion through alliances with partners that share common goals in terms of international investments.
- Developing the company's international traffic so that it remains an important source of revenue after liberalization.
- Providing access to a global network that will enable Portugal Telecom to offer its customers global services at competitive costs.

Establishing a place for Portugal Telecom in the global alliances that are reshaping the telecommunications industry is a further step in Portugal's preparation for liberalization, after a decade of strong investment in modernizing infrastructure and the completion in 1995 of a sweeping restructuring of the industry.

- In February, the European Commission agreed to a Portuguese government proposal to bring forward the complete liberalization of Portugal's telecommunications market to 2000, two years after most other EU countries and one year later than Spain.

The European Union has granted varying periods of exemption from the January 1998 deadline for full liberalization of voice telephony and telecommunications infrastructure to Portugal, Spain, Greece, Ireland and Luxembourg. The extensions were granted in order to help countries with less-developed systems catch up.

Over the past decade, Portugal Telecom has extensively upgraded the quality and doubled the size of its network. As a result, Portugal has one of most technologically developed telecommunications systems in Europe.

A total of 80.4 percent of local area networks are digital, compared with only 14 per cent in 1990. All the inter-city systems and almost all international lines have also been digitalized. Portugal now has 39 telephone lines for every 100 inhabitants, slightly above the European average when weighted by GDP per capita.

Later this year or in early 1998, a third tranche of Portugal Telecom is expected to be sold in a global offering, reducing the state holding from 51 percent to 25 percent. Portugal Telecom was created in June 1994 by the merger of three state-owned telecommunication operators. In 1995, Marconi, which handled intercontinental calls, was brought into the group through a share swap arrangement during the first phase of privatization. A new company, Portugal Telecom International, now brings together all the group's international investments.

The Portugal Telecom group also includes value-added business areas within the telecommunications sector, including TMN, a mobile phone operator with a share of about half of the Portuguese market; Telepac, a data transmission company; and TV Cabo, Portugal's cable TV operator.

In 1995, Portugal Telecom was granted a 30-year concession for the basic telephone service in Portugal, comprising fixed-line services, telex, telegraphy and leased circuits. The group pays an annual fee to the Portuguese state amounting to 1 percent of operating revenues from basic telephony services.

The third phase of privatization will cement Portugal Telecom's international alliances with Concert and Telefónica. The Spanish operator is to acquire 3.5 percent of Portugal Telecom in the offering. BT will buy 1 percent and MCI 0.5 percent. The Portuguese group's stake in the privatized Spanish operator will be 1 percent.

The Aliança Atlântica might involve a share swap between Telebrás and Portugal Telecom when the Brazilian operator is privatized. Telebrás will directly and indirectly hold 1 percent of Portugal Telecom's capital.

Portugal Telecom has set aside 2.5 percent of its capital, which could be used in that event, says Mr. Murteira Nabo: "Cementing these international alliances through cross-holdings of shares underscores the strong mutual commitment of all the partners and ensures more efficient coordination."

Good figures

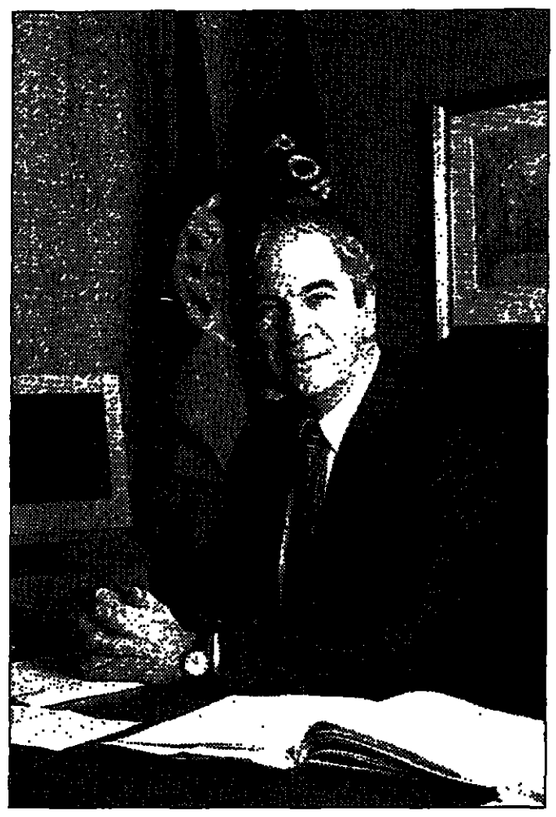
The partnerships have been forged against a background of strong profit growth, improvements in efficiency and technological modernization for Portugal Telecom. The group reported a 51.5 percent increase in net consolidated profit in 1996, to 54.9 billion escudos, up from 36.25 billion escudos in 1995.

The increase was substantially above analysts' forecasts. Financial costs fell 20 percent, to 26.5 billion escudos, as a result of lower interest rates, and there was a 21.9 percent fall in net debt, to 188.4 billion escudos. Portugal Telecom is to pay a 1996 dividend of 138 escudos a share, up from 91 escudos in 1995. Earnings per share rose from 191 escudos in 1995 to 289 escudos.

Analysts say an increase in operating profit from 129.1 billion escudos in 1995 to 142.8 billion escudos last year reflected the success of the group's efforts to control costs, increase efficiency and reduce its workforce. The number of employees fell by 867 in 1996, to 19,374. Operating costs rose from 325.8 billion escudos to 362.5 billion.

Value-added services — including mobile telephones, data transmission and cable television — accounted for 11.4 percent of total revenue last year, up from 8.3 percent the previous year. Revenue from Portugal Telecom's mobile telephone company, TMN, increased 65.6 percent, to 35.8 billion escudos.

"Against this background of growth and modernization, the new international alliances Portugal Telecom has sealed provide the group with a unique opportunity to make a qualitative leap forward and meet the challenges of the 21st century," says Mr. Murteira Nabo.



Francisco Murteira Nabo, president of Portugal Telecom, says that the new telecommunications partnerships will develop international traffic, step up exchanges of technology and expertise, improve service and further expansion into new international markets. One of these partnerships is with Concert — a well-known "top three" global alliance.



Antonio Guterres, the prime minister of Portugal, at the signing ceremony of the Aliança Atlântica.

DIGITALIZATION HAS EXPANDED TELEPHONY SERVICES; DATA AND IMAGES ALSO BENEFIT FROM TECHNOLOGY

Portugal Telecom operates in all the main telecommunications business areas in Portugal, acting through group companies in the following areas:

- Fixed-link telephones.
- Leased lines.
- Data transmission.
- Value-added services.
- Mobile communications.
- Cable TV.
- International business.

The group has a dominant position in the Portuguese telecommunications market, accounting for more than 95 percent of total turnover. Value-added services have grown at a considerably faster rate than traditional services, which account for about 80 percent of total revenue.

Portugal Telecom is the sole operator in the market for fixed-link telephone services and telex. Basic telephone services are the group's main activity, accounting for 75 percent of overall consolidated revenue. Of this, about 73 percent of consolidated income is made from domestic calls and 27 percent from international calls.

The group is one of the most advanced companies in Europe in terms of the digitalization of its network. The local switching network is 80.4 percent digitalized. The rate is 100 percent for intercity links and 89 percent for international calls. This places Portugal Telecom above the European average. Between 1990 and 1996, the digitalization rate of the local network rose from 14 to 80.4 percent.

A high level of digitalization offers several advantages, including use of the network for value-added services in addition to voice communications, more sophisticated invoicing and price structures, lower repair and maintenance costs and quicker identification of faults.

The digitalization of the network has enabled Portugal Telecom to offer additional services on the fixed-link telephone network that are helping to increase traffic. These include call re-routing, call waiting, three-way calling, detailed billing, call barring, voice mail and lines that communicate to only one predetermined number.

Digitalization has helped develop services like call re-routing, call waiting, three-way calling, detailed billing, call barring, voice mail and lines that communicate to only one predetermined number

Partly as a result of increased digitalization, Portugal Telecom's quality of service has improved rapidly. This can be measured by the average time it takes to install a new telephone, the average number of faults per 100 lines, the percentage of faults repaired within 24 hours and the success rate in making international calls. The group has exceeded almost all its own targets for these parameters and in some cases achieved in 1995 the goals it had originally established for 1997.

Portugal Telecom's mobile communications business includes holdings in Telecomunicações Móveis Nacionais (TMN), its cellular phone subsidiary, and in two paging companies, Telemensagem and Contactel. TMN, wholly owned by Portugal Telecom, has benefited from the spectacular growth in cellular phone use in Portugal and currently accounts for about half the national market. TMN's digital Global System for Mobile Communications (GSM) network, adopted soon after the system was launched in Germany, covers 98 percent of the country.

Telepac, wholly owned by Portugal Telecom, is the biggest operator in the data transmission sector in Portugal. Telepac is actively developing and marketing products and services that include areas like Internet access and satellite communications. Telepac has access to most packet switching addresses in the world through agreements with international operators that provide subscribers with access to 143 networks in 68 countries.

TV Cabo Portugal, Portugal Telecom's wholly owned cable television subsidiary, operates as a holding company for nine regional cable TV companies. The aim of this structure is to allow other investors, such as local companies and municipal authorities, to acquire holdings in the regional operators. TV Cabo achieved an important advance on the competition by being the first company to build a cable network. The advantages include:

- The ability to establish its network before its competitors.
- Licenses in areas with a high population density and high individual income.
- National coverage, which helps in negotiating deals with program suppliers.

By the turn of the century, TV Cabo Portugal expects to have a million clients and an annual turnover of close to 36 billion escudos ($206 million). It is expected to supply service to 45 percent of all potential subscribers by 2003. Portugal has one of the highest TV viewing rates and the highest proportion of satellite TV dishes in Europe, clear evidence that viewers enjoy foreign channels.

All the group's international calls are now handled by Marconi, fully owned by Portugal Telecom, which is also responsible for satellite technology and underwater cables. Portugal Telecom International brings together all the group's overseas operations and investments. Marconi's traffic volume accounts for about 27 percent of the group's total.

In Concert

Portugal Telecom's recent accords with British Telecom, MCI and Concert, the global telecommunications alliance, and Telefónica of Spain are an important dimension of the group's international strategy. Another important partnership is the Aliança Atlântica, a joint venture holding company between Portugal Telecom and Telebrás, the Brazilian telecommunications operator. One of the venture's aims is to make joint investments in telecoms companies in Africa and Latin America.

Portugal's planning and public works minister, João Cravinho, says that Portugal's contribution to Concert, an alliance led by British Telecom and MCI of the United States, includes the business capacity to unite telecommunications markets in Latin America, Africa and Asia.

"British Telecom, MCI and Concert will benefit from Portugal's historic relationships with these markets," says Mr. Cravinho.

"Portugal Telecom in turn gains access to an entity with unique experience in liberalized markets as well as a strong partner for international expansion," concludes Mr. Cravinho.

Island links

In 1995, Portugal Telecom acquired 40 percent of the Cape Verde Islands' national telecommunications operator, undertaking to develop the West African country's national telecommunications network. The development plan, which runs until the year 2000, calls for investments of $90 million — including the installation of 35,000 new lines — tripling the current number.

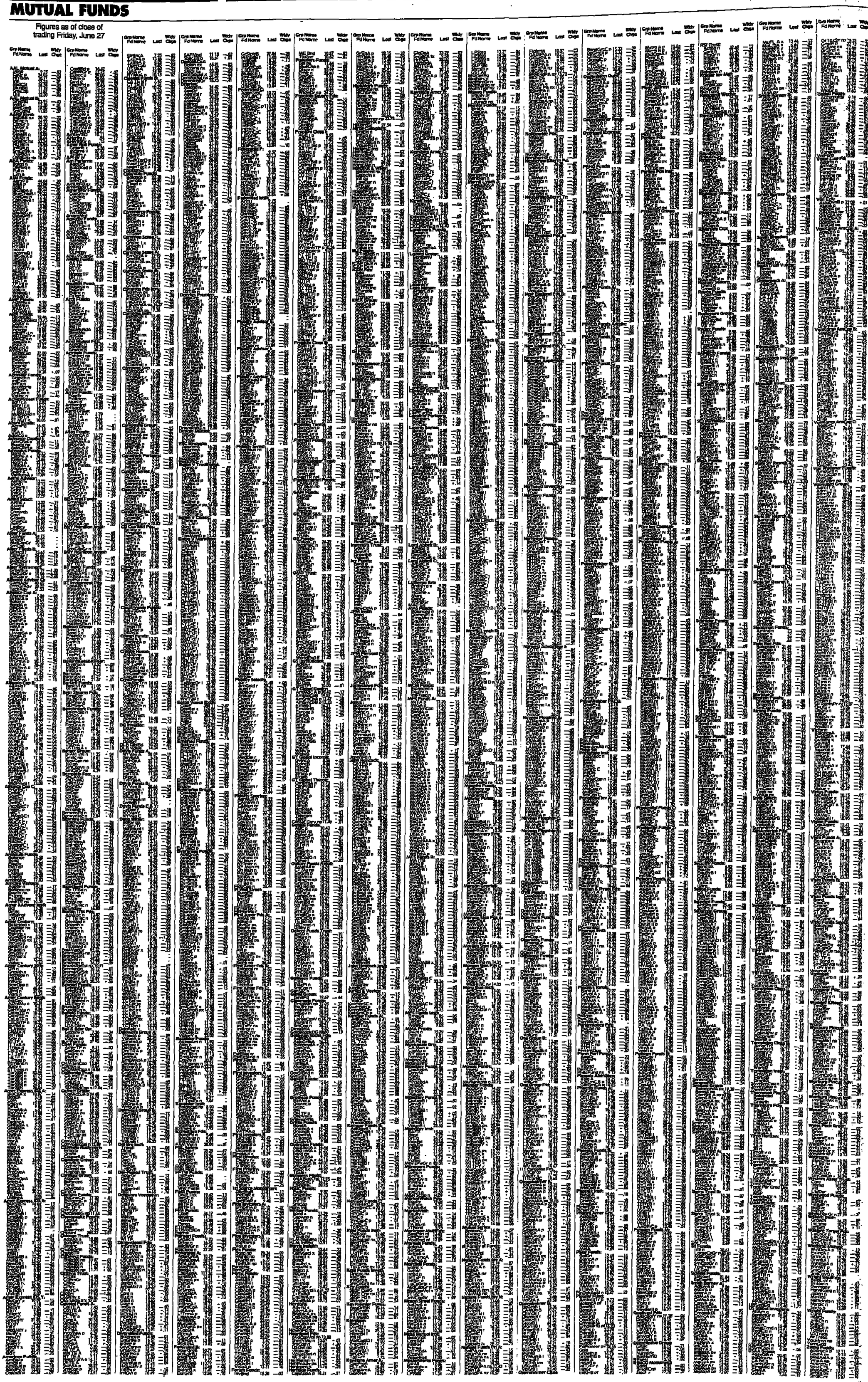
Cape Verde is considered to be an important market in West Africa, and Portugal Telecom will retain a 30 percent stake in this operator, and Aliança Atlântica will hold the remaining 10 percent. Portugal Telecom is also already present in Guinea-Bissau, and São Tomé and Principe, two other former Portuguese colonies in West Africa. In addition, Portugal Telecom has a stake in Mobitel, a Brazilian paging company that is the market leader in most Brazilian cities, and in CTM, the telecommunications operator in Macao.

The group's international investment strategy is based on making the most of opportunities in markets where it has competitive advantages. These include Africa (especially Portuguese-speaking countries); Latin America, through Aliança Atlântica; and Southeast Asia, through the Portuguese-administered territory of Macao.

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Herald International Tribune

BUSINESS/FINANCE

MONDAY, JUNE 30, 1997

Mercedes Tries 'All-New' Plant in Alabama

By Warren Brown
Washington Post Service

TUSCALOOSA COUNTY, Alabama — It's the sort of challenge that sensible auto executives usually try to avoid: assembling an all-new product at an all-new $300 million plant using all-new processes. Even the company, Mercedes-Benz United States International Inc., is all-new. Four years ago it didn't exist.

The workers certainly are new. Many of them, pulled from the foothills and valleys of northern Alabama, had never worked in an auto assembly plant, had never worked in any kind of a factory, until now. Many of the bosses are new, too, brought in from Mercedes-Benz's parent company, Daimler-Benz AG in Stuttgart, or culled from the ranks of automakers in Detroit and Japan.

There's a new role for the plant's 65 suppliers, who are supposed to provide more than parts. They design, develop, engineer, manufacture and supply entire automotive systems, such as the driver's compartment, which comprises the steering wheel, instrument panel and transmission gearbox. And they must get these systems to the plant "just-in-sequence," meaning that they must arrive at a precise moment, for a precise vehicle, as it reaches a precise point on the assembly line.

All this would be daunting enough if the product in question were an ordinary econo-car. But this mix of veterans and novices is supposed to produce a Mercedes-Benz, a vehicle from a company with a 110-year reputation for making the world's best automobiles.

It's no ordinary Mercedes-Benz, either. It's a sport-utility model, the M-Class All-Activity Vehicle, scheduled to go on sale this fall. Priced from $35,000 to $40,000, the M-Class is designed to steal sales from the likes of Chrysler Corp.'s Jeep Grand Cherokee, General Motors Corp.'s Oldsmobile Bravada, Toyota Motor Corp.'s Land Cruiser and Land Rover's Range Rover off-road vehicles.

"They are doing what no other automaker wants to do," said James Harbour, chairman and founder of Harbour & Associates, an auto manufacturing consulting firm headquartered in Troy, Michigan. "That term, 'all-new,' is something car companies like to use in their advertisements. But it's not something they actually like to live with. 'All-new' usually means headaches, problems, lots of problems."

The man responsible for making it all work is Andreas Renschler, a Stuttgart native and president of the Mercedes-Benz subsidiary. But he said the newness of the workers, product and plant are part of a deliberate effort to break with his company's past.

"This is something that the old Daimler-Benz would not have done," Mr. Renschler told workers at a company gathering here.

The "old Daimler-Benz" was much like America's "old General Motors Corp." Both companies had become victims of their success; both were shaken to their roots by the Japanese. The problem for Mercedes-Benz was not product quality. "It was price," said Michael Bassermann, chairman of Mercedes-Benz of North America.

"People have always said that Mercedes-Benz is the best car. But we needed customers to say, 'Mercedes-Benz is the best car for me,'" Mr. Bassermann said. To get buyers to say that, "We had to better identify our customers' needs and wants and respond to them quickly, with exciting new kinds of vehicles" built and sold at competitive prices.

That realization led to the construction of the Tuscaloosa plant and the assembly of the M-Class sport-utility vehicle in the United States, Mr. Bassermann said.

"Seventy percent of all of the sport-utility vehicles sold in the world are sold in this country," he said. "So, it makes perfect sense for us to build one here."

But do something all-new in an all-new factory?

"When we started talking about this in the early 1990s, we didn't know if it could be done," Mr. Renschler said. "I said, 'O.K., it's possible. We'll see.'"

But how do you guarantee Mercedes-Benz quality with an all-new approach? How, in other words, do you create systems that will allow inexperienced Alabamans to work like Germans?

"Very slowly," said William Taylor, vice president of production for Mercedes's U.S. subsidiary.

Mr. Taylor is a Canadian with manufacturing experience at Ford Motor Co. and Toyota. He said the keys to quality control at the Tuscaloosa plant are training, suppliers, patience and strict adherence to something called "standard methods and practices," or SMP for short.

At first glance, SMP looks brutally rigid. "Team members" follow step-by-step processes laid out in manuals for everything from installing drive train assemblies to where to place tools in the work space.

A visitor joked that the process evoked the worst German stereotypes: "You vill put it here. You vill tighten the bolt, just so," he said. But Mr. Taylor said the American "team members" actually wrote the SMP manuals themselves.

Former Dai-Ichi Chief Kills Self Amid Scandal

Questioning on Loans Provoked Suicide

Compiled by Our Staff From Dispatches

TOKYO — A former chairman of Dai-Ichi Kangyo Bank Ltd., who was questioned Friday and Saturday in connection with allegations that the bank made illegal loans to gangsters, hanged himself Sunday, a bank spokesman said.

The former official, Kuniji Miyazaki, died at a hospital nine hours after family members found him unconscious, hanging from bookshelves in his bedroom, the spokesman and news reports said.

Mr. Miyazaki's death follows allegations that Dai-Ichi Kangyo and Nomura Securities Co., Japan's largest brokerage, have links to organized crime.

Mr. Miyazaki was questioned along with Tadashi Okuda, another former chairman of Dai-Ichi Kangyo, about loans worth $250 million — much of it uncollectible — to an admitted racketeer, Ryuichi Koike.

Prosecutors from the Tokyo District office had been planning to question Mr. Miyazaki again Sunday.

The police said that they had found several suicide notes to Mr. Miyazaki's family and to officials of Dai-Ichi Kangyo.

The bank spokesman declined to comment on the reports.

The Kyodo news agency reported that a note to the president of the bank, Katsuyuki Sugita, declared: "I will accomplish my responsibility with my life."

On Friday, as Mr. Miyazaki was being questioned by prosecutors, shareholders assailed Dai-Ichi Kangyo, Japan's fourth-largest commercial bank, and Nomura over charges that their top executives paid 11.8 billion yen ($104 million) in hush money to Mr. Koike. In Japan, both extortion and company payoffs to racketeers are illegal.

The tough questioning of Dai-Ichi Kangyo and Nomura came on a day when 2,355 companies started their annual shareholders' meetings at exactly the same time — 10 A.M. — to prevent them from being disrupted by gangsters known as *sokaiya*.

The prosecutors filed formal charges Thursday against four current and former officials of Dai-Ichi Kangyo, but Mr. Miyazaki was not charged.

Mr. Koike also was charged with taking the money, disguised as loans backed with collateral, despite knowing that the payments were illegal.

Prosecutors say Mr. Koike used some of the money from Dai-Ichi Kangyo to buy 300,000 shares in Nomura, which made him a major shareholder with enough power to extort money from the brokerage.

Nomura is being investigated by prosecutors on criminal charges that the company paid more than $400,000 to Mr. Koike to remain silent in 1995 when Nomura reinstated to the board the president and chairman who had earlier resigned in disgrace. *(AP, Bloomberg)*

Tietmeyer Taking the Long View

Compiled by Our Staff From Dispatches

FRANKFURT — The president of the Bundesbank, Hans Tietmeyer, said Sunday that he hoped Germany could meet the 3 percent deficit goal for a single European currency this year, but that sustainable budgetary discipline was more important.

The central bank president also indicated that he was comfortable with current low inflation levels and saw no reason to change monetary policies.

"The 3 percent is an important reference number, there is no doubt of that," Mr. Tietmeyer said in a radio interview. "But more important than one-time fulfillment, or barely undershooting or overshooting this number, is the question of whether countries' public finances" are in a condition that "can be viewed as sustainable."

A national deficit amounting to no more than 3 percent of gross domestic product is one of several criteria in the Maastricht treaty that prospective participants must meet in 1997 to adopt the currency when it is to be launched in 1999. But key European Union members are having difficulty meeting the targets. France said last week that its deficit would probably exceed 3 percent of its output this year, and Germany is struggling to meet the target.

But a key ally of Chancellor Helmut

See EURO, Page 18

One Sure Bet Remains in Hong Kong: Its Dollar

By Velisarios Kattoulas
International Herald Tribune

HONG KONG — As Hong Kong prepares to return to Chinese sovereignty Tuesday, fewer question marks hang over the stability of its currency than over any other aspect of life on this thriving territory.

Concerns are mounting over the fate of Hong Kong's judiciary, opposition parties and press at the end of 156 years of British colonial rule despite Chinese avowals to give Hong Kong freedom in all areas except those encroaching on national security.

But at the Hong Kong Monetary Authority, the central bank, there does not appear to be any anxiety.

"I wish we could be as certain about the other components of the Hong Kong system — the legal system, the civil service, the low level of taxation and regulation — as we are in the short-term stability of the dollar," said Miron Mushkat, chief economist at Lehman Brothers in Hong Kong.

For one thing, Beijing has repeatedly said that it supports having the Hong Kong dollar pegged to the U.S. dollar.

Dai Xianglong, the head of China's central bank, was quoted Sunday as saying he supported the link between the U.S. and Hong Kong dollar, which trades at a fixed exchange rate of 7.8 to the U.S. currency.

"The central bank supports the idea of its being pegged to the U.S. dollar," the People's Daily, the Communist Party newspaper, quoted him as saying.

Albert Chan of the Hong Kong Monetary Authority said business executives strongly backed the peg because it shielded trade and investments from sharp currency swings.

The bulk of Hong Kong's 6.3 million people also support the link because it protected the value of their savings from falling, he said.

Large foreign exchange reserves and the small quantity of Hong Kong dollars in circulation also make it hard for currency speculators to bet against it.

The currencies of countries have dropped sharply in value in the past because local people lacked confidence in them and rushed to convert their savings into U.S. dollars. But Hong Kong has seen no such rush leading up to its return to China.

But if need be, the Hong Kong Monetary Authority could enlist the help of other Asian central banks to protect the Hong Kong dollar against currency speculation. Under an agreement signed in 1994, nine Asian central banks agreed to joint intervention in currency markets to repel speculative attacks.

In Beijing on Sunday, Mr. Dai, governor of the People's Bank of China, also repeated earlier pledges not to use Hong Kong's huge foreign exchange reserves of more than $60 billion when it returns to Chinese rule at midnight Monday.

Those reserves, which represent six times the value of Hong Kong dollars in circulation, could be used to buy Hong Kong dollars to protect its value in the event currency traders tried to undermine it by selling it aggressively.

The Hong Kong dollar has been linked to the U.S. dollars since 1984. The year before, when Beijing and London were negotiating the terms of Hong Kong's return to Chinese sovereignty, the U.S. dollar rose sharply, to more than 9 Hong Kong dollars from about 6.

Since its introduction, the peg has weathered the 1989 bloody crackdown on pro-democracy activists near Tiananmen Square and the death of Deng Xiaoping this year.

It has come under attack from currency speculators only once, following the Mexican peso crisis in 1994. The Hong Kong Monetary Authority defused that crisis by doubling short-term interest rates, raising them to 12 percent in a week.

Smut Ruling Backs Internet Founders

By Rajiv Chandrasekaran and Elizabeth Corcoran
Washington Post Service

WASHINGTON — When Defense Department researchers wired together a set of university computers 31 years ago, creating a communications network that became today's global Internet, the goal wasn't to make something that could deliver photos from a service called "Bianca's Smut Shack."

But technology has a way of spawning uses never imagined.

After fierce debate in Congress and in American society, the Supreme Court has made its first pronouncement about what is allowed on the Internet and other computer on-line services. It struck down Friday as unconstitutional the *Communications Decency Act*, a federal law that imposed criminal penalties on people offering "indecent" material to children on the information medium that is now used by millions.

The decision upholds the network's anything-goes tradition. From its earliest days, those who built it saw it as a new frontier of ideas, one in which they could explore new thoughts and theories on a strong base of individual and academic freedom, without fear of censorship from Washington.

The Defense Department enforced no rules for what could be sent over the network. Rather, it generally left it to users to govern themselves.

Today, the Internet community is far bigger and more diverse than the group that used the computer network to share science and engineering information three decades ago. These days, one can find fourth-graders, sky divers, historians, politicians, astrologers and porn lovers on the network, all pursuing their various passions.

Internet users hailed the court's decision — that the law was too broad and would restrict legitimate expression — as confirmation that First Amendment rights extend into the electronic realm known as cyberspace.

"It is political coming of age for the Internet," said Marc Andreessen, a co-founder of the Internet software company Netscape Communications Corp. "It demonstrates that the Internet is becoming a very important thing in people's lives and it can't be controlled or be made to fit our preconceptions of it."

The Internet had its roots in a 1960s data communications network for academic researchers and military contractors funded by the Defense Department's Advanced Research Projects Agency.

In its early days, it was a fairly small community, recalls Danny Hillis, a Walt Disney Co. fellow who used it at the Massachusetts Institute of Technology.

"I still have my Arpanet directory, which was a half-inch thick," Mr. Hillis said. The directory included the names of everyone using the networks, he said, most of whom knew one another personally.

Although the government had some guidelines for on-line behavior, the early Internet community generally policed itself, recalled Robert Kahn, who directed creation of the network for the Defense Department.

"Commercial activities were certainly frowned on," he said, "as was the use of the Net for personal gain."

In the 1970s, Mr. Hillis recalled, a group of wine lovers began sending automatic messages to one another about their hobby — but stopped when other users let them know it was not considered suitable material.

"Flaming," or sending sharply worded messages, was a common form of self-government, said Tim Berners Lee, head of the Boston-based World Wide Web Consortium.

Government control was not entirely out of the picture, however. There was "the distant threat of the removal of the funding because the powers that be didn't approve of the activity," he said.

In many new information formats, sex has proven to be a powerful stimulant of expansion. Not long after the first cam-

See INTERNET, Page 18

CURRENCY RATES

June 27

Cross Rates

	$	£	D.M.	F.F.	Lira	D.Fl	B.F.	S.F.	Yen	C$	Peseta
Amsterdam	1.9555	3.2405	1.1756	0.3337	0.1151*	—	5.455*	1.3492	1.7068*	1.4145	1.3315*
Brussels	35.735	59.58	20.6375	6.1185	2.1091*	18.3345	—	24.77	0.3121	25.82	24.395*
Frankfurt	1.723	2.8862	—	0.2963	2.1922*	0.8852	4.8465*	1.20	1.5138*	1.253	1.1819*
London (c)	1.4421	—	2.8859	9.7243	2.8222.56	3.2476	59.5697	2.4077	190.3853	2.2966	243.9215
Madrid	146.46	244.163	84.576	25.066	8.646*	75.146	4.8988	101.595	128.047*	105.977	—
Milan	1,694.27	2,824.52	978.39	289.91	—	869.28	47.415	1,175.27	14.813	1,225.96	11.567
New York (b)	—	1.4655*	1.739	5.4661	1.908.00	1.9585	35.88	1.453	114.575	1.3893	146.615
Paris	5.9429	9.7405	3.3741	—	0.3445*	2.9979	0.1635	4.8631	5.1483*	4.2279	3.989*
Tokyo	113.45	189.00	65.74	19.50	6.673	58.40	3.1877	79.87	—	82.20	0.7784
Toronto	1.2805	2.2978	0.7939	0.2353	0.0812*	0.7049	0.3848*	0.9501	1.2845*	—	0.938*
Zurich	1.4496	2.491	0.8541	0.2473	0.0856*	0.7473	4.8433*	—	1.2637*	1.0495	0.9873*
1 ECU	1.1343	0.6816	1.9078	6.6205	1,925.26	2.2147	40.6041	1.6281	129.974	1.5704	166.45
1 SDR	1.3919	0.8343	2.468	8.1132	2,252.73	2.719	49.681	2.0058	157.774	1.9256	203.888

Closings in Amsterdam, London, Milan, Paris and Zurich; fixings in other centers: New York and Toronto rates at 4 P.M.
*a: To buy one pound. b: To buy one dollar. *Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argent. peso	0.9986	Greek drac.	273.47	Mex. peso	7.946	S. Afr. rand	4.5135
Australian $	1.2345	Hong Kong $	7.7476	N. Zealand $	1.4661	S. Kor. won	888.1
Austrian sch.	12.18	Hung. forint	185.78	Norw. krone	7.282	Swed. krona	7.6923
Brazil real	1.0763	Indian rupee	35.825	Phil. peso	26.38	Taiwan $	27.82
Chinese yuan	8.321	Indo. rupiah	2430.0	Polish zloty	3.26	Thai baht	25.22
Czech koruna	31.91	Irish £	0.663	Port. escudo	175.04	Turkish lira	146675.
Danish krone	6.592	Israeli shek.	3.5694	Russ ruble	5763.5	UAE dirham	3.671
Egypt. pound	3.3952	Kuw dinar	0.30	Saudi riyal	3.75	Venez. bolív.	484.75
Fin. markka	5.1675	Malay. ring.	2.522	Sing. $	1.429		

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.6655	1.6638	1.6625	Japanese yen	113.88	113.36	112.89
Canadian dollar	1.3790	1.3765	1.3738	Swiss franc	1.4356	1.4306	1.4255
Deutsche mark	1.7275	1.7234	1.7198				

Sources: ING Bank (Amsterdam); Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque de France (Paris); Bank of Tokyo-Mitsubishi (Tokyo).

After Study, Renault Affirms It Will Close Plant in Belgium

Bloomberg News

PARIS — Renault SA has decided to override protests by Belgium and go ahead with its plan to close a car plant in Vilvoorde, Belgium.

Louis Schweitzer, the company's chief executive, and the French carmaker's board announced the decision following a meeting Saturday.

The decision was based on the findings of an independent study on the shutdown. That study had been commissioned by the French government. Renault's minority owner, in an effort to make the company review the closing.

Analysts said the shutdown, in addition to saving the company money and putting it back on track toward profit, was something of a watershed: It demonstrated that France's Socialist-led government, though elected on pledges to preserve and create jobs, and stand up for workers' rights, would not hamper corporate overhauls, even if job losses ensued.

A spokeswoman for Prime Minister Lionel Jospin of France said the government had no comment on the decision.

"We regret very much that there has been false hope in the last few weeks," said Jean-Paul Verbeke of the Belgian ACV labor union. "The French government has overestimated itself with its ambition to make Renault change its mind."

Belgian trade unionists were dismayed by the decision.

GT DEUTSCHLAND FUND
SICAV (in liquidation)
2, boulevard Royal,
Luxembourg
R.C. Luxembourg B-25025

Notice of Extraordinary General Meeting

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Shareholders of GT DEUTSCHLAND FUND (the "Fund") will be held at the offices of Banque Internationale à Luxembourg, Société Anonyme, 69, route d'Esch, L-1470 Luxembourg, on July 8, 1997 at 9 a.m. to consider the report of the liquidator, and if thought fit to pass the following resolutions:

IT IS RESOLVED

1. **To approve the report of the liquidator;**
2. **To appoint the auditors to the liquidation in accordance with Article 151 of the law on commercial companies;**
3. **To fix July 8, 1997 at 4:00 p.m. as date for a further Shareholder's Meeting to decide on the close of liquidation.**

Shareholders are informed that at this Meeting, no quorum is required for the holding of the meeting and the decision will be passed by a simple majority of the shareholders present in person or by proxy and voting.

Holders of bearer shares who wish to attend the meeting, should deposit their share certificate(s) with Banque Internationale à Luxembourg, 69, route d'Esch, L - 1470 Luxembourg by no later than 5:30 p.m. (Luxembourg time) on July 7, 1997.

The Liquidator.

GT DEUTSCHLAND FUND
SICAV (in liquidation)
2, boulevard Royal,
Luxembourg
R.C. Luxembourg B-25023

Notice of Extraordinary General Meeting

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Shareholders of GT DEUTSCHLAND FUND (the "Fund") will be held at the offices of Banque Internationale à Luxembourg, *Société Anonyme, 69, route d'Esch, L-1470* Luxembourg, on July 8, 1997 at 4 p.m. to consider the report of the auditor to the liquidation appointed at the previous meeting, and if thought fit to pass the following resolutions:

IT IS RESOLVED

1. **To approve the report of the auditor to the liquidation appointed at the previous Meeting;**
2. **To give discharge to the Liquidator, Auditors to the liquidation and Directors who had been in place;**
3. **To close the liquidation and distribute the remaining net assets in cash;**
4. **To keep the records of GT DEUTSCHLAND FUND for a term of five years at the offices of Banque Internationale à Luxembourg.**

Shareholders are informed that at this Meeting, no quorum is required for the holding of the meeting and the decision will be passed by a simple majority of the shareholders present in person or by proxy and voting.

Holders of bearer shares who wish to attend the meeting, should deposit their share certificate with Banque Internationale a Luxembourg, 69, route d'Esch, L - 1470 Luxembourg by no later than 5:30 p.m. (Luxembourg time) on July 7, 1997.

The Liquidator.

INTERMARKET FUND
Société Anonyme
Registered Office: 2, Boulevard Royal,
L-2953 Luxembourg
R.C. LUXEMBOURG B-8622

Shareholders are hereby convened to the

ANNUAL GENERAL MEETING

of shareholders of our company which will take place at the offices of Banque Internationale à Luxembourg, 69, route d'Esch, L-1470 Luxembourg, on July 11, 1997 at 12:00 for the purpose of considering and voting upon the following agenda:

1. Submission of the Reports of the Board of Directors and of the Auditor;
2. Approval of the Statement of Net Assets and of the Statement of Operationfor the year ended as at March 31, 1997; Allocation of the net results;
3. Discharge to the Directors;
4. Statutory Appointments;
5. Miscellaneous.

The shareholders are advised that no quorum is required for the items of the agenda of the Annual General Meeting and that decisions will be taken at the majority of the votes expessed by the shareholders present or represented at the meeting.

In order to attend the meeting the owners of bearer shares have to deposit their shares five clear days before the meeting at the offices of Banque Internationale à Luxembourg, 69, route d'Esch, L-1470 Luxembourg.

THE BOARD OF DIRECTORS

INTERMARKET MULTICURRENCY FUND
SICAV
Registered Office: 2, Boulevard Royal,
L-2953 Luxembourg
R.C. LUXEMBOURG B-40487

Shareholders are hereby convened to the

ANNUAL GENERAL MEETING

of shareholders of our company which will take place at the offices of Banque Internationale à Luxembourg, 69, route d'Esch, L-1470 Luxembourg, on July 11, 1997 at 15:00 p.m. for the purpose of considering and voting upon the following agenda:

1. Submission of the Reports of the Board of Directors and of the Auditor;
2. Approval of the Statement of Net Assets and of the Statement of Operationfor the year ended as at March 31, 1997; Allocation of the net results;
3. Discharge to the Directors;
4. Statutory Appointments;
5. Miscellaneous.

The shareholders are advised that no quorum is required for the items of the agenda of the Annual General Meeting and that decisions will be taken at the majority of the votes expessed by the shareholders present or represented at the meeting.

In order to attend the meeting the owners of bearer shares have to deposit their shares five clear days before the meeting at the offices of Banque Internationale à Luxembourg, 69, route d'Esch, L-1470 Luxembourg.

THE BOARD OF DIRECTORS

CAPITAL MARKETS ON MONDAY

Rate Hike? Analysts Say Fed Will Stick to 'Watchful-Waiting' Stance

By Mitchell Martin
International Herald Tribune

NEW YORK — America's central bankers are expected to refrain from pushing up interest rates at the two-day policy-setting meeting set to begin Tuesday, although many analysts say the U.S. economy is growing too quickly for inflation to remain at bay indefinitely.

Late last month, on the eve of the previous Federal Open Market Committee meeting, Wall Street opinion was divided about whether the Federal Reserve Board's policy-making arm would move to slow economic growth by increasing borrowing costs.

Factors arguing for an increase included an unemployment rate that had fallen to a 23-year low and an economy growing at about 3 percentage points above the 2.5 percent rate generally considered consistent with noninflationary growth. On top of that, Alan Greenspan, the Fed chairman, had hinted for months that the central bank would raise rates if the conditions existed that could provoke serious inflation — whether or not it had yet become apparent in consumer prices — and the policymakers had voted at their previous meeting to push interest costs up, a tightening move that had been seen as the first of a series.

But the countervailing arguments prevailed: Prices were not rising and inflation-adjusted interest rates were therefore already high.

Now, the unemployment rate is even lower, just 4.8 percent, and first-quarter economic growth has been revised upward, to 5.9 percent. But the feeling on Wall Street is that a rate move is unlikely this week, although many analysts say they expect the Fed to resume tightening its monetary policy this year. With the absence of "an inflationary smoking gun," Salomon Brothers Inc.'s analysts wrote in a weekend advisory, "policymakers now have the luxury of continuing — for the time being — their watchful-waiting stance."

Bond investors seemed to be taking this view at the end of last week. The yield on the 30-year Treasury bond, the credit-market benchmark, ended at 6.74 percent, down from 6.75 percent Thursday. A week earlier, however, the long bond was returning just 6.66 percent, reflecting a rise in prices since the previous Fed meeting.

The bond market, and even more the stock market, were rattled last week by comments from Prime Minister Ryutaro Hashimoto, who was quoted by news agencies as indicating that Japanese investors might sell their vast holdings of Treasury bonds and swap them for gold if the dollar continued to depreciate against the yen, which makes it increasingly difficult for Japanese companies to sell their wares abroad.

Wall Street tumbled Monday, although it recovered much of its losses the next day after other Japanese officials said Mr. Hashimoto had been misquoted.

Whether he meant it or not, according to Cynthia Latta, an economist with DRI/McGraw Hill in Lexington, Massachusetts, Japanese investors are unlikely to engage in a wholesale unloading of their $291 billion of Treasuries, which accounts for about 8 percent of the securities outstanding.

"Neither the Japanese government nor the nation's private investors would benefit from sudden and massive dumping of dollar-denominated financial assets," Ms. Latta wrote. "The process of selling would push prices down, causing considerable loss, possibly in comparison with purchase prices and certainly relative to what might be realized on gradual and moderate sales.

"Once the assets had been sold, the former investors would hold dollars that would have to be exchanged for yen or some other currency, pushing up the prices of those currencies. So the losses on the asset sales would be compounded by losses in the currency markets."

After all that, Ms. Latta added, the money would have to be reinvested, and it would be hard to find yields comparing with those in the U.S. market.

Japanese 10-year bonds offer only a 2.60 percent yield, compared with 6.45 percent on comparable U.S. Treasuries, and the only major market with a higher yield is in the less liquid British gilts market, where 10-year paper returns 7.01 percent. If Japan went ahead and invested in gold, she said, it would risk putting its funds in an asset that does not offer interest payments and whose price is under pressure from anti-inflation policies in many countries.

By the end of the week, investors seemed to have put the issue behind them, focusing instead on the outlook for the Fed to keep short-term rates stable. As did many other analysts, Ms. Latta predicted the U.S. economy had slowed considerably in the second quarter. She predicted the expansion would pick up steam again over the summer, noting that consumer confidence, as measured by the Conference Board, was at a 28-year high.

At Salomon, the analysts said that there were inflationary pressures visible in the labor market, "where there is virtually no question that resources are stretched to the limit and costs have begun a gradual ascent." Unless the demand for labor rapidly diminishes, "the climb in compensation will push well beyond gains in productivity."

American productivity is widely thought to be growing faster than the officially calculated rate of about 1 percent, although the extent of the mismeasurement is a subject of debate. In general, the economy can expand only as fast as the sum of productivity and work force growth without creating inflationary pressures. But analysts have said that international considerations are helping to keep inflation low in the United States, which is a positive factor for bond prices.

Smith Barney Inc.'s economic team said that although the U.S. economy is expanding at a rapid rate, it stands "in sharp contrast to all of the other industrialized countries, which are operating well below their respective capacities" and are likely to do so at least for the rest of the year. This, they said, helps keep "inflationary pressures at bay by fostering intense global competition for market share."

■ Japan Bonds Expected to Rise

Analysts predicted that Japanese bond prices would probably rise this week on expectations that industrial production will fall, keeping the Bank of Japan from raising interest rates, Bloomberg reported from Tokyo.

Industrial production, which grew 3.8 percent in May from April, is forecast to fall 2.6 percent in June, the Ministry of International Trade and Industry said Friday. Ministry officials attributed the decline to a buildup of inventory.

Most Active International Bonds

The 250 most active international bonds traded through the Euroclear system for the week ending June 27. Prices supplied by Telekurs.

Rnk Name	Cpn	Maturity	Price	Yield
Argentine Peso				
196 Argentina FRN	3.242	04/01/07	108.6000	2.9800
Australian Dollar				
186 Australia	6¾	11/15/06	98.9780	6.8200
Austrian Schilling				
151 Austria	5⅝	07/15/07	99.4500	5.6600
British Pound				
128 FHLB	6⅞	06/07/02	98.6250	6.9700
137 Fannie Mae	6⅞	06/07/02	98.7500	6.9600
209 Hyder	9½	08/19/16	111⅝	8.5100
221 IADB	6.40	06/26/00	98.8214	6.4800
250 EIB	7⅝	12/07/06	101.8750	7.4800
Canadian Dollar				
141 Canada	4	03/15/99	99.5456	4.0200
243 Canada	7¼	06/01/07	108.1800	6.7000
248 Canada	7	09/01/01	107.1169	6.5300
Danish Krone				
7 Denmark	8	03/15/06	112.6800	7.1000
15 Denmark	7	11/15/07	105.0000	6.6700
27 Denmark	8	11/15/01	112.1800	7.1300
32 Denmark	9	11/15/98	106.8100	8.4300
36 Denmark	8	05/15/03	112.8500	7.0900
40 Denmark	7	11/10/24	99.1000	7.0600
44 Denmark	7	12/15/04	107.0000	6.5400
46 Denmark	6	12/10/99	104.1800	5.7600
49 Denmark	9	11/15/00	113.8600	7.9000
63 Denmark	6	11/15/02	104.2700	5.7500
92 Denmark	7	02/15/98	101.8700	6.8700
103 Denmark	7	08/15/97	100.4100	6.9700
109 Real Kredit	6	10/01/26	91.2000	6.5800
112 Denmark	6	02/15/99	103.2800	5.8100
114 Nykredit	7	10/01/29	96.3500	7.2700
127 Nykredit 3 Cs	6	10/01/26	90.9300	6.6000
132 Denmark	4	02/15/00	99.7500	4.0100
Deutsche Mark				
1 Germany	6	01/04/07	102.7600	5.8400
2 Germany	6¼	04/26/06	104.5725	5.9800
3 Germany	6	07/04/07	102.4500	5.8600
4 Germany	3¾	03/19/99	100.5100	3.7300
5 Germany	4½	11/20/01	101.3020	4.6900
6 Germany	8	01/21/02	113.8920	7.0200
8 Germany	5	08/20/01	102.5167	4.8800
10 Bundesobligation	4½	02/22/02	100.0433	4.5000
11 Germany	5	05/21/01	102.7900	4.8600
12 Germany	8	07/22/02	113.4383	7.0500
13 Germany	6⅞	05/12/05	107.4524	6.4000
16 Germany	3½	06/18/99	99.9700	3.5000
17 Germany	7⅜	01/03/05	112.20	6.5700
18 Germany	6½	10/14/05	106.4200	6.1100
19 Germany	6¼	01/04/24	97.3033	6.4200
20 Germany	6	02/16/06	102.9767	5.8300
22 Germany	9	10/20/00	114.8633	7.8400
23 Treuhand	7⅛	12/02/02	111.8800	6.5900
24 Germany	6	01/05/06	102.9867	5.8300
25 Treuhand	7½	09/09/04	112.9600	6.6400
29 Germany	8¼	09/20/01	114.1625	7.2300
30 Germany	6¾	09/15/99	106.6400	6.3300
33 Treuhand	6⅝	07/01/99	105.5932	6.0400
34 Germany	8¾	08/20/01	116.1950	7.5300
35 Germany	8½	02/20/01	114.1300	7.4500
38 Treuhand	6⅞	06/11/03	109.5400	6.2800
39 Germany	8⅜	05/21/01	114.3800	7.3200
42 Treuhand	6¾	05/13/04	108.6840	6.2100
43 Treuhand	7¾	10/01/02	113.5233	6.8300
45 Germany	6¾	04/22/03	109.0200	6.1900
48 Germany	8¾	05/22/00	113	7.7400
50 Germany	7½	11/11/04	113.0567	6.6300
51 Treuhand	6⅝	07/09/03	108.2600	6.1200
52 Germany	8⅞	12/20/00	114.9600	7.7200
53 Germany	6½	07/15/03	107.7000	6.0400
55 Germany	8¾	07/20/00	113.45	7.7100
56 Germany	5⅛	11/21/00	103.1900	4.9700
58 Germany	3½	09/18/98	100.2375	3.4900
59 Treuhand	6	11/12/03	104.9933	5.7100
60 Treuhand	7⅛	01/29/03	110.7450	6.4300
61 Germany	6	09/15/03	105.4760	5.6900
62 Treuhand	6¼	07/29/99	105.3400	5.9300
64 Germany	5¾	08/22/00	105.0300	5.4700
66 Germany	9	01/22/01	115.5900	7.7900
68 Treuhand	5¾	04/29/99	103.9800	5.5300
72 Bay Vereinsbk	4½	06/24/02	99.3000	4.5300
73 Treuhand	5	01/14/99	102.3800	4.8800
74 Germany	6⅛	05/20/99	104.6294	5.8500
76 Treuhand	6½	04/23/03	107.7500	6.0300
77 Germany	5⅞	05/15/00	105.2700	5.5800
78 Germany	8½	08/21/00	112.9600	7.5200
79 Germany	5¼	02/21/01	103.5300	5.0700
80 Germany	6½	03/15/00	106.7300	6.0900
82 Germany	7	01/13/00	107.7650	6.5000
83 Germany	6½	01/02/99	104.4700	6.2200
84 Germany	3½	12/18/98	100.2000	3.4900
90 Germany	6¾	07/15/04	108.8333	6.2000
94 Treuhand	6¼	03/04/04	106.0750	5.8900
95 Germany	6⅝	12/02/98	104.7800	6.5600
96 Germany	7⅛	12/20/02	110.7600	6.4300
98 Germany	8¼	07/21/97	100.3000	8.2300
102 Germany	6	06/20/16	97.0000	6.1900
107 Germany	6¾	06/21/99	106.0900	6.3600
111 Germany	5¾	05/28/99	104.0800	5.5200
117 Treuhand	6⅛	06/25/98	102.8109	5.9600
121 Germany	5⅜	02/22/99	103.0900	5.2100
125 Treuhand	5⅝	09/24/98	102.7600	5.4700
133 Treuhand	5	12/17/98	102.2800	4.8900
139 Germany	6	02/20/98	101.7550	5.9000
146 Treuhand	7	11/25/99	107.5100	6.5100
148 BTI FRN	3.227	05/21/02	99.7531	3.2300
163 Germany	6⅞	02/24/99	105.4200	6.5200
167 Treuhand	6⅛	03/26/98	102.1300	6.0000
169 Germany	5¾	08/20/98	102.7400	5.6000
172 Germany	7	12/22/97	101.8000	6.8800
177 Westdeut LB	5	12/16/04	98.1500	5.0900
191 Germany	7¼	10/21/02	111.3000	6.5100
194 Germany	5¼	10/20/98	102.4400	5.1200
197 Cap Credit Card	5⅝	08/15/01	103.5077	5.4300
201 Germany	6⅛	05/20/98	102.7540	6.2000
202 Germany	6¼	02/20/98	101.9100	6.1300
212 Germany	6¾	07/20/98	103.6100	6.5100
219 Germany	7¾	02/21/00	109.7300	7.0600
223 Germany FRN	2.871	09/30/04	99.1500	2.9000
231 Mitsubishi Fin	zero	09/16/97	99.2985	3.1400
242 Germany	5¾	08/20/97	100.3500	5.7300
Dutch Guilder				
26 Netherlands	6¼	07/15/98	102.8300	6.0800
37 Netherlands	5¾	02/15/07	101.5000	5.6700
100 Netherlands	8½	03/15/01	114.0500	7.4500
106 Netherlands	9	01/15/01	115¼	7.8100
119 Netherlands	7	03/15/99	105.5000	6.6400
120 Netherlands	5¾	01/15/04	103.5500	5.5500
135 Netherlands	6½	04/15/03	108.0000	6.0200
143 Netherlands	7½	06/15/99	107.2000	7.0000
152 Netherlands	7½	01/15/23	114.6000	6.5400
156 Netherlands	5¾	09/15/02	104.5000	5.5000
160 Netherlands	6½	07/15/98	103.0200	6.3100
161 Netherlands	7½	04/15/10	115.3000	6.5000
170 Netherlands	8¾	09/15/01	116.2100	7.5300
171 Netherlands	7	06/15/05	110.45	6.3400
189 Netherlands	8¼	05/01/00	112.6000	7.7700
199 Netherlands	8¼	06/15/02	115.6500	7.1300
211 Netherlands	6¾	10/01/98	103.8800	6.5000
216 Netherlands	8¼	02/15/00	110.6500	7.4600
218 Netherlands	6¾	02/15/99	104.9200	6.4300
238 Netherlands	7¼	10/01/04	112.1500	6.4600
ECU				
97 France OAT	8½	03/15/02	113.8300	7.4700
118 France OAT	6	04/25/04	102.8000	5.8400
123 France BTAN	5	03/16/99	101.4200	4.9300
134 France OAT	5½	04/25/07	96.6700	5.6900
153 Britain T-bills	zero	12/11/97	98.1972	4.0300
157 France OAT	7½	04/25/05	111.20	6.7400
166 Britain	9⅛	02/21/01	116.1500	7.8600
208 France OAT	9½	04/25/00	113.1000	8.4000
227 Italy	6	04/02/04	101.8750	5.8900
233 France OAT	8¼	04/25/22	117.7975	7.0000
236 France OAT	10	02/26/01	117½	8.5100
244 Britain	8	01/27/98	102.0500	7.8400
Finnish Markka				
130 Finland sr 1999	11	01/15/99	110.6856	9.9400
184 Finland Serial s	7¼	04/18/06	108.5154	6.6800
French Franc				
188 France OAT	7½	04/25/05	114	6.5800
206 France OAT	6¾	10/25/04	109.2700	6.1800
245 France OAT	8½	06/25/97	99.7500	8.5200
Irish Punt				
213 Ireland	8	08/18/06	110	7.2700
Italian Lira				
149 Italy	6¼	03/01/02	100.5900	6.2100
247 Deutsche Bk Fin	zero	01/20/32	7⅛	7.9400
Japanese Yen				
54 STB Cayman	0.50	10/01/07	113¾	0.4400
86 TTB Fin	0.75	12/31/99	117.2342	0.6400
162 World Bank	4½	06/20/00	109.1250	4.1200
174 Exim Bk Japan	4⅜	10/01/03	112¼	3.9000
182 Italy	3¾	06/08/05	107.5000	3.4900
185 Argentina	4.40	05/27/04	99.0000	4.4400
210 World Bank	4½	03/20/02	113	3.9800
239 Exim Bk Japan	2⅝	07/28/05	102.7500	2.8000
Portuguese Escudo				
136 Bco Inv Im FRN	zero	12/23/08	110¼	
142 Bco Inv Im FRN	zero	06/27/11	111.8500	
Spanish Peseta				
101 Spain	6¾	04/15/00	104.3070	6.4700
158 Spain	7.90	02/28/02	109.8070	7.1900
232 Spain	7.35	03/31/07	107.2680	6.8500
Swedish Krona				
110 Sweden	11	01/21/99	109.1800	10.0800
195 Sweden 1036	10¼	05/05/00	113.0630	9.0700
226 Sweden	5½	04/12/02	98.8403	5.5600
229 Sweden	9	04/20/09	117.8680	7.6400
249 Sweden	10¼	05/05/03	120.2960	8.5200
U.S. Dollar				
9 Brazil Cap S.L.	4½	04/15/14	85.4450	5.2700
14 Argentina par L	5½	03/31/23	69.7813	7.8800
21 Argentina FRN	6¾	03/29/05	91.1497	7.4100
28 Brazil	10⅛	05/15/27	97.5000	10.3800
31 Argentina	11⅜	01/30/17	111⅞	10.1700
41 Mexico	11½	05/15/26	114⅜	10.0500
47 Brazil L FRN	6⅞	04/15/06	91.4203	7.5200
57 Brazil par ZI	5¼	04/15/24	65.4014	8.0300
65 Venezuela par A	6¾	03/31/20	79.6250	8.4800
67 Mexico FRN	7⅞	08/06/01	100.1500	7.8600
69 Bayerische LB	6⅝	06/25/07	99.6000	6.6500
70 Venezuela FRN	6¾	12/18/07	93.0300	7.2600
71 Brazil S.L FRN	6 9/16	04/15/12	82.7813	8.3800
75 Brazil FRN	6½	01/01/01	98.6625	6.5900
81 Brazil S.ZI FRN	6⅞	04/15/24	84.4688	8.1400
85 Bco Com Ext.	7¼	02/02/04	93.5000	7.7500
87 Bulgaria FRN	6 9/16	07/28/11	72.6563	9.0300
88 Mexico par B	6¼	12/31/19	77.9688	8.0200
89 Assoc N Amer	6⅝	06/20/02	100.4123	6.8500
91 Sallie Mae	4½	08/02/99	96.6250	4.6600
93 Mexico par A	6¼	12/31/19	77.9688	8.0200
99 Ecuador par	3½	02/28/25	48.6250	7.2000
104 Mexico	9⅞	01/15/07	106.5625	9.2700
105 Mexico	9⅞	01/15/07	105.8750	9.3300
108 Mexico A FRN	6.867	12/31/19	93.2813	7.3600
113 Lloyds Bank	6	06/16/98	99.8800	6.0100
115 Bulgaria FRN	6 9/16	07/28/24	74.0938	8.8600
116 Quebec FRN	5.959	06/11/04	99.8900	5.9700
122 Ecuador FRN	3¼	02/28/15	67.6731	4.8000
124 Argentina FRN		09/01/02	117.8000	84.8900
126 Mexico B FRN	zero	12/31/19	94.3409	0.0000
129 Argentina FRN	6⅞	03/31/23	86.8438	7.9200
131 Ld Oeffntlich Bk	6¼	05/21/02	100.6250	6.7100
138 Mexico	11⅜	09/15/16	113⅜	10.0300
140 Fin Dan Ind Fin	6¼	06/13/01	100.2500	6.7300
144 British Gas Intl	zero	11/04/21	16¼	7.7400
145 Bankers Trust	zero	07/10/97	99.7921	5.1900
147 Italy	6⅝	09/27/23	94.7500	7.2600
150 Bulgaria	2¼	07/28/12	55.1875	4.0800
154 Russia	9¼	11/27/01	100.6250	9.1900
155 Venezuela par B	6¾	03/31/20	79.7500	8.4600
159 Centauri	6.075	06/16/98	99.4336	6.1100
164 Italy FRN	5.719	05/12/02	99.8100	5.7300
165 ABN-AMRO Bk	7⅛	06/18/07	100.2500	7.1100
168 Brazil Cbond S.L	4½	04/15/14	91.2882	4.9300
173 Philippines Fix	8¾	10/07/16	101.0000	8.6600
175 ADB	6¾	06/11/07	100.5000	6.7200
176 British Telecom	6¾	04/25/02	101.6087	6.6400
178 Deutsche Bk Fin	6¾	06/24/04	100.6250	6.7100
179 Argentina FRN	5.695	04/01/01	128.9000	4.4200
180 AmerExpress	6¾	06/23/04	99.8750	6.7600
181 Brazil S.L FRN	6 5/16	04/15/09	87.4975	7.9300
183 Commerzbk Fin	5.727	01/29/01	99.5800	5.7500
187 Poland par	3	10/27/24	58.1250	5.1600
190 Canada	6¾	08/28/06	100.5000	6.7200
192 Fst Chic FRN	5.884	06/11/04	99.6500	5.9000
193 Venezuela FRN	6¾	03/18/07	93.3750	7.2300
198 Poland Inter	4	10/27/14	86.5000	4.6200
200 Santander FRN	6.775	12/31/99	99.7500	6.7900
203 Italy Regist.	5	06/28/01	102.2500	4.8900
204 Poland FRN	6 9/16	10/27/24	98.2500	7.0600
205 Mexico D FRN	6 9/16	12/28/19	93.1272	7.3200
207 World Bk	5.68	09/27/99	99.0000	5.7400
214 Brazil	8⅞	11/05/01	103.2500	8.6000
215 Pemex	9	06/01/07	101.1250	8.9000
217 CaisseDesjardins	zero	07/16/97	99.7043	5.2800
220 Nigeria	6¼	11/15/20	68.6563	9.1000
222 Rhein Hypothek	6⅞	06/18/07	100.2500	6.8600
224 Mexico C FRN	6.82	12/31/19	93.1932	7.3200
225 Ecuador FRN	6 5/16	02/28/25	73.3750	8.7700
228 Argentina	8¾	05/09/02	100.1418	8.7400
230 Sv Handel FRN	5.781	09/24/99	99.8969	5.7900
234 TMCC	7	06/11/07	101.6195	6.8900
235 EIB	7⅛	09/18/06	102.8179	6.9300
237 Gold Sachs FRN	6 1/16	06/02/04	99.8900	6.0700
240 EdF	6⅝	06/24/02	100.4726	6.5900
241 Assoc N Amer	6¾	10/31/01	99.8750	6.7600
246 World Bank	6⅝	08/21/06	100.1250	6.6200

New International Bond Issues

Compiled by Laurence Desvilettes

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price end week	Terms
Floating Rate Notes						
Bank of Western Australia	$250	2002	1/16	99.923	—	Over 3-month Libor. Noncallable. Fees 0.20%. (Morgan Stanley Int'l.)
C & P Homes Int'l	$150	2003	2½	100.00	—	Over 6-month Libor. Reoffered at 99.80. Noncallable. Fees 0.50%. (CS First Boston.)
Hong Kong SAR Residential Mortgages	$300	2022	0.20	100.00	—	Over 1-month Libor. Average life 2.67 years. Fees 0.35%. (HSBC Markets.)
SBAB	$500	2002	libor	100.00	—	Interest will be the 3-month Libor. Noncallable. Fees 0.175%. Denominations $10,000. (UBS.)
Christiania Bank	DM300	2002	0.05	99.942	—	Over 3-month Libor. Noncallable. Fees 0.175%. Denominations 100,000 marks. (Lehman Brothers Int'l.)
Den norske Bank	DM500	2004	0.10	100.045	—	Over 3-month Libor. Noncallable. Fees 0.20%. (UBS.)
Finance for People No 1	£128.78	2036	0.13	100.00	—	Interest will be 0.13 over 3-month Libor until 2003, thereafter 0.45 over. Average life 4.9 years. Also £67 million paying 0.06 then 0.20, £16.92 million paying 0.35 then 0.75 and £11.29 million paying 0.69 then 1.75. Fees 0.15%. (Deutsche Morgan Grenfell.)
Credit d'Equipement des Petites et Moyennes Entreprises	FF2,000	2002	⅛	100.00	—	Below 3-month Libor. Noncallable. Fees 0.15%. (Credit Commercial de France.)
Benetton Group	ITL500,000	2002	⅛	100.175	—	Over 3-month Libor. Reoffered at par. Noncallable. Fees 0.35%. (IMI Bank.)
KNP Leykam Gratkom	Asch3,030	2002	¼	100.00	—	Over 12-month Vibor. Noncallable. Fees not disclosed. Denominations 1 million schillings. (Creditanstalt Bankverein.)
Fixed-Coupons						
Bacob Overseas	$150	2000	6½	101.10	—	Reoffered at 99.95. Noncallable. Fees 1⅛%. (Yamaichi Int'l.)
Banco Itau	$100	2000	open	open	—	Semiannually. Noncallable. Fees 0.40%. Denominations $10,000. (Bankers Trust Int'l.)
Banco Nacional de Comercio Exterior	$300	2002	8	100.00	—	Semiannually. Noncallable. Fees 0.375%. (Bankers Trust Int'l.)
Bayerische Landesbank	$250	2000	5⅛	98.0605	—	Reoffered at 96.873. Noncallable. Fees 1⅛%. (Commerzbank.)
BGB Finance (Ireland)	$200	1999	6⅛	100.876	—	Reoffered at 99.876. Noncallable. Fees 1⅛%. (Barclays de Zoete Wedd.)
BNG	$200	1999	6⅛	100.955	—	Reoffered at 99.955. Noncallable. Fees 1⅛%. (Goldman Sachs Int'l.)
BNG	$150	2001	3¼	90.925	—	Reoffered at 89.525. Noncallable. Fees 1⅜%. (Nomura Int'l.)
Commerzbank	$400	1999	4⅝	98.012	—	Reoffered at 97.012. Noncallable. Fees 1⅛%. (Commerzbank.)
Denmark	$300	2001	6⅝	99.852	—	Noncallable. Fees 0.225%. (Deutsche Morgan Grenfell.)
General Motors Acceptance Corp.	$500	2002	6¾	101.265	—	Reoffered at 99.69. Noncallable. Fees 1⅝%. (HSBC Markets.)
Jamaica	$200	2002	9⅝	99.786	—	Semiannually. Noncallable. Fees 0.875%. (Bankers Trust Int'l.)
L-Bank	$250	2000	6¼	101.1575	—	Reoffered at 99.97. Noncallable. Fees 1⅛%. (SBC Warburg.)
New Zealand	$300	2000	6¼	101.1315	—	Reoffered at 99.944. Noncallable. Fees 1⅛%. (Nikko Europe.)
Oesterreichische Postsparkasse	$250	2000	6¼	101.203	—	Reoffered at 99.903. Noncallable. Fees 1½%. (UBS.)
PTC Int'l Finance	$253.2	2007	zero	59.241	—	Interest will be zero until 2002, when issue is callable at 105¼, thereafter 10¼% semiannually. Private placement. Fees 1.0645%. (Salomon Brothers Int'l.)
Rabobank Nederland	$150	2001	6	100.545	—	Reoffered at 99.12. Noncallable. Fees 1⅛%. (UBS.)
Sears Roebuck Acceptance	$500	2007	7	99.637	—	Semiannually. Noncallable. Fees 0.45%. (Goldman Sachs Int'l.)
World Bank	$250	1999	6	100.855	—	Reoffered at 99.855. Noncallable. Fees 1⅛%. (Deutsche Morgan Grenfell.)
Credit Local de France	DM300	2001	4⅝	101.878	—	Reoffered at 99.953. Noncallable. Fees 2.15%. (Societe Generale.)
KFW	DM500	2003	5	99.82	—	Noncallable. Fees 0.275%. (Lehman Brothers Int'l.)
Land Sachsen-Anhalt	DM1,000	2007	5¾	99.466	—	Noncallable. Fees 0.325%. (Commerzbank.)
World Bank	£125	1999	7	100.71	—	Reoffered at 99.71. Noncallable. Fees 1⅛%. (Nikko Europe.)
European Investment Bank	FF3,000	2009	5¾	101.088	—	Reoffered at 99.438. Noncallable. Issue may be redenominated in euros after EMU. Fees 2%. (Caisse des Depots et Consignations.)
Merrill Lynch & Co.	FF1,500	2009	6⅛	99.41	—	Noncallable. Issue to be redenominated in euros after EMU. Fees 0.40%. (Merrill Lynch Int'l.)
Tokyo	FF1,700	2007	5¾	99.846	—	Noncallable. Fees not disclosed. (IBJ.)
DSL	ITL300,000	2007	6⅞	101.887	—	Noncallable. Fees 2%. (Banque Nationale de Paris.)
European Investment Bank	ITL1,250,000	2007	9	100.01	—	Interest will be 9% until 1999, thereafter 5⅝%. Reoffered at 98.335. Noncallable. Issue may be redenominated in euros after EMU. Fees 2%. (Banca Nazionale del Lavoro.)
Mexico	ITL500,000	2004	8⅜	101.475	—	Reoffered at par. Noncallable. Fees 1⅝%. (Chase Manhattan Int'l.)
Canada Zero 2009	C$250	2009	zero	46¾	—	Yield 6.63%. Reoffered at 45½. Noncallable. Proceeds C$115 million. Fees 1½%. (Toronto-Dominion Bank.)
Argentina	AP500	2002	8¾	99.849	—	Semiannually. Noncallable. Fees 0.75%. (Deutsche Morgan Grenfell.)
Federal National Mortgage Association	Aus$1,000	2002	6½	99.643	—	Noncallable. Fees 0.25%. (SBC Warburg.)
European Bank for Reconstruction and Development	SAR1,000	2017	zero	8.30	—	Yield 13.45%. Reoffered at 8.05. Noncallable. Fungible with outstanding issue, raising total face amount to 5.5 billion rand. Fees 0.40%. (Morgan Stanley Int'l.)
Rabobank Nederland	SAR2,000	2027	zero	3.10	—	Yield 12.28%. Reoffered at 2.95. Noncallable. Proceeds 62 million rand. Fees 0.25%. (Toronto-Dominion Bank.)
Swedish Export Credit	SAR1,000	2027	zero	3.14	—	Yield 12.07%. Noncallable. Proceeds 31 million rand. Fees 0.25%. (Hambros Bank.)
World Bank	SAR1,000	1998	15	100.94	—	Reoffered at 100.04. Noncallable. Fees 1%. (Toronto-Dominion Bank.)
Equity-Linked						
BE Global	$172.3	2001	3⅞	100.00	—	Noncallable. Each $10,000 note with two warrants, exercisable into Tokyo Dome's shares at an expected 2½% premium. Fees 2½%. Terms to be set July 1. (Yamaichi Int'l.)
Guangdong Investment Finance	$130	2002	1	100.00	—	Redeemable at maturity at 138.748. Noncallable. Convertible at HK$13¾ per share, a 22.22% premium, and at HK$7.7413 per dollar. Fees not disclosed. (Jardine Fleming.)
Taiwan Semiconductor Manufacturing	$300	2002	zero	100.00	—	Redeemable at maturity at 136.23 to yield 0.05 below Treasuries. Noncallable. Convertible at T$144 per share, a 20% premium, and at T$27.88 per dollar. Fees 2½%. (Goldman Sachs Int'l.)
Wing Tai Holdings	$150	2002	1½	100.00	—	Semiannually. Redeemable at maturity at 131.01. Noncallable. Convertible at S$4.85 per share, a 15.48% premium, and at S$1.43 per dollar. Fees not disclosed. (Morgan Stanley Int'l.)
Compass Group	£220	2007	5¾	100.00	—	Semiannually. Callable at par in 2002. Convertible at £8.30 per share, a 21.70% premium. Fees not disclosed. (Natwest Capital Markets.)

The Week Ahead: World Economic Calendar, June 30-July 4

A schedule of this week's economic and financial events, compiled for the International Herald Tribune by Bloomberg Business News.

	Asia-Pacific	Europe	Americas
Expected This Week	**Tokyo:** Alberto Fujimori, president of Peru, visits Japan to meet with Prime Minister Ryutaro Hashimoto to discuss the hostage-taking at the Japanese ambassador's residence in Lima. Wednesday-Monday.	**Naples:** Telecom Italia holds a seminar on information communication technology. Thursday-Saturday.	**Washington:** Federal Reserve's Federal Open Market Committee holds meeting to set interest rate policy. Tuesday-Wednesday.
Monday June 30	**Hong Kong:** Transfer of sovereignty from Britain to China. **Tokyo:** Japan releases figures on housing starts. **Wellington:** New Zealand releases gross domestic product for the January-March quarter.	**Copenhagen:** Denmark releases first-quarter gross domestic product figures. **Paris:** France releases May unemployment figures. **Rome:** Italy releases first-quarter gross domestic product numbers.	**Lima:** Peru releases inflation figures for June. **Washington:** U.S. reports personal income and spending and new home sales for May.
Tuesday July 1	**Sydney:** Australia releases May balance of goods and services; Coca-Cola Amatil holds an extraordinary general meeting for the exchange of shares with San Miguel Corp; Reserve Bank of Australia board meeting.	**Frankfurt:** The Bundesbank president, Hans Tietmeyer, and Finance Minister Theo Waigel speak at the Global 24 teleconference on European monetary union. **Madrid:** Spain auctions 3- and 10-year bonds.	**Auburn Hills, Michigan:** Chrysler Corp. reports U.S. car and truck sales for June. **Caracas:** Venezuela releases June inflation figures. **New York:** Conference Board reports May leading indicators.
Wednesday July 2	**Jakarta:** Indonesia announces inflation rate for June and trade balance for April. **Seoul:** South Korea releases June trade figures. **Sydney:** Australia releases May retail sales figures.	**Bonn:** Germany releases figures on May industrial production. **London:** Chancellor of the Exchequer Gordon Brown presents his special budget in Parliament.	**Buenos Aires:** Argentina reports inflation figures for June. **Detroit:** General Motors Corp. reports U.S. sales for June. **Santiago:** Chile releases June inflation figures.
Thursday July 3	**Hong Kong:** Government announces first-quarter construction output. **Tokyo:** The Economic Planning Agency releases its household spending survey for May.	**Bern:** Switzerland releases retail sales figures for May. **Bonn:** Germany releases figures on May manufacturing orders. **Paris:** Insee releases GDP estimates for 1997 and industrial price index figures for May.	**Dearborn, Michigan:** Ford Motor Co. reports U.S. car and truck sales for June. **Washington:** U.S. reports June unemployment and May housing completions.
Friday July 4	**Tokyo:** Japan Automobile Importers Association releases sales figures for imported cars in June.	**Cork, Ireland:** Industrial production index for March and unemployment figures for June are released. **Voorburg, Netherlands:** Industrial sales figures for May and first-quarter Dutch trade surplus figures are announced.	**Buenos Aires:** Argentina's Association of Automobile Manufacturers reports details on June automotive production and sales.

Last Week's Markets

Stock Indexes

	June 27	June 20	% Ch'ge
United States			
DJ Indus.	7,687.72	7,796.51	−1.40
DJ Util.	225.60	226.04	−0.19
DJ Trans.	2,732.43	2,756.62	−0.88
S&P 100	863.98	876.48	−1.43
S&P 500	887.29	898.70	−1.27
S&P Ind	1,043.54	1,054.79	−1.07
NYSE Cp	463.30	467.84	−0.97
Nasdaq Cp	1,438.14	1,447.10	−0.62
Japan			
Nikkei 225	20,523.75	20,385.54	+0.68
Britain			
FTSE 100	4,630.00	4,593.90	+0.79
Canada			
TSE Indus.	6,426.40	6,510.10	−1.29
France			
CAC 40	2,889.77	2,757.10	+4.81
Germany			
DAX	3,795.41	3,788.27	+0.19
Hong Kong			
Hang Seng	15,196.79	15,154.36	+0.28
World			
MSCIP	944.77	941.65	+0.33

World index from Morgan Stanley Capital Int'l Perspective.

Money Rates

	June 27	June 20
United States		
Discount rate	5.00	5.00
Prime rate	8½	8½
Federal funds rate	5⅝	5½
Japan		
Discount	0.50	0.50
Call money	0.46	0.46
3-month interbank	0.63	0.57
Britain		
Bank base rate	6½	6½
Call money	6¼	6¾
3-month interbank	6 11/16	6 11/16
France		
Intervention rate	3.10	3.10
Call money	3⅜	3 5/16
3-month interbank	3 5/16	3 7/16
Germany		
Lombard	4.50	4.50
Call money	3.10	3.05
3-month interbank	3.13	3.13

Gold	June 27	June 20	% Ch'ge
London p.m. fix $	336.55	338.20	-0.49

Euromarts

Eurobond Yields

	June 27	June 20	Yr high	Yr low
U.S. $, long term	6.72	6.75	7.08	6.53
U.S. $, mdm term	6.43	6.42	5.52	4.76
U.S. $, short term	6.16	6.22	6.50	5.96
Pounds sterling	7.43	7.38	7.75	7.09
French francs	4.97	5.05	5.85	4.66
Italian lire	6.61	6.83	7.79	6.41
Danish kroner	5.50	5.54	5.92	5.38
Swedish kronor	5.29	5.27	5.61	4.82
ECUs, long term	6.15	6.22	6.42	5.76
ECUs, mdm term	5.31	5.35	5.52	4.76
Can. $	5.75	5.76	6.51	5.70
Aus. $	6.56	6.65	7.86	6.56
N.Z. $	7.16	7.17	8.39	7.13
Yen	1.93	1.94	2.14	1.64

Source: Luxembourg stock exchange.

Weekly Sales

June 26

Primary Market

	Cedel Bk $	Cedel Bk Non$	Euroclear $	Euroclear Non$
Straights	257.5	59.1	4,025.0	479.1
Convert.	—	1.1	437.0	980.8
FRNs	444.4	1,754.1	972.3	215.0
ECP	7,405.8	8,075.6	17,805.2	14,205.9
Total	8,107.7	9,889.9	23,239.5	15,880.8

Secondary Market

	Cedel Bk $	Cedel Bk Non$	Euroclear $	Euroclear Non$
Straights	25,161.0	19,921.7	86,360.9	30,081.3
Convert.	1,228.0	1,841.9	3,499.8	6,460.8
FRNs	19,276.1	9,775.6	48,324.9	8,848.9
ECP	15,451.5	17,840.5	30,344.5	26,107.4
Total	61,116.6	49,379.7	168,530.1	71,498.4

Source: Euroclear, Cedel Bank.

Libor Rates

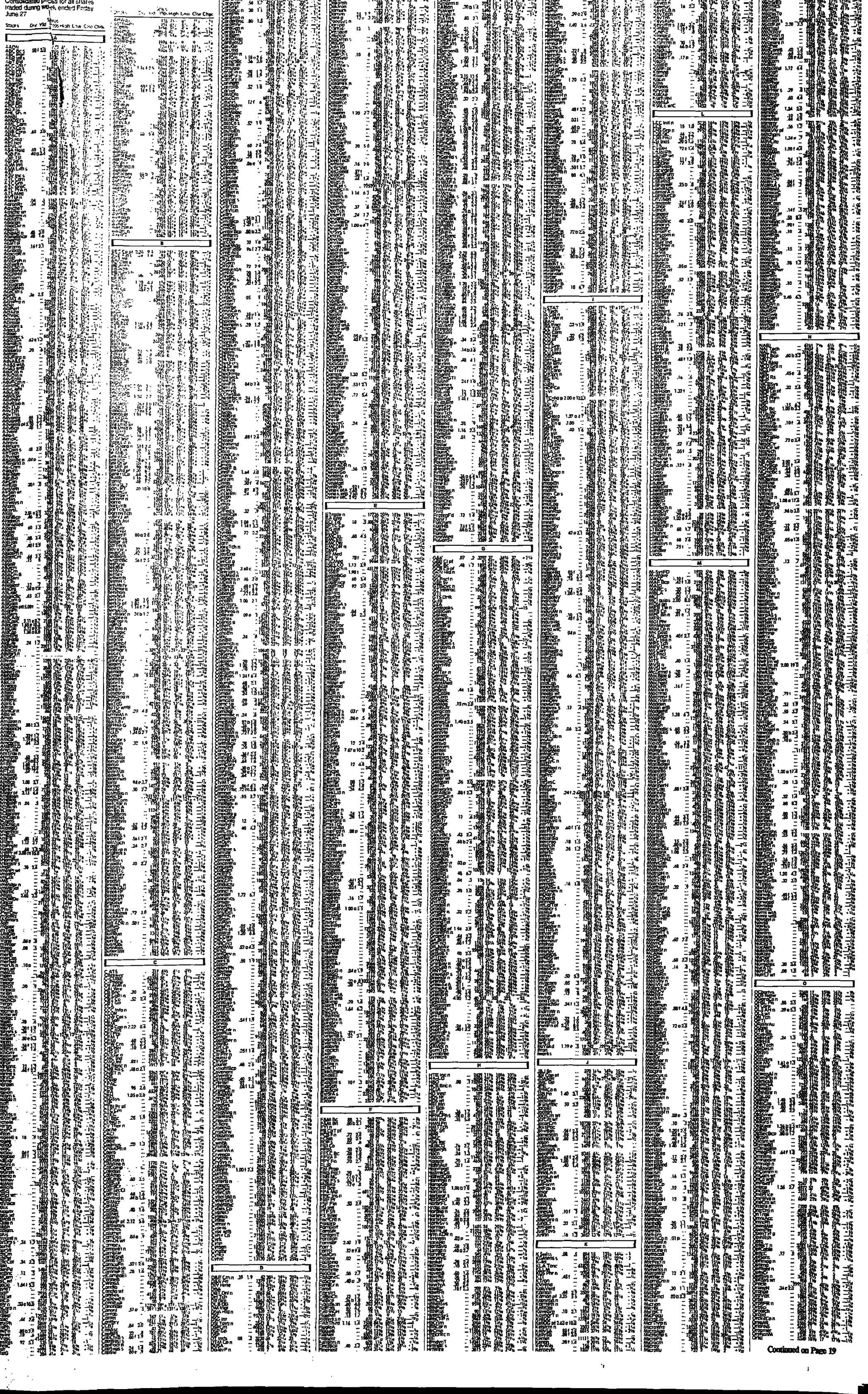
	1-month	3-month	6-month
U.S. $	5 11/16	5¾	5 15/16
Deutsche mark	3⅛	3⅛	3 3/16
Pound sterling	6 9/16	7 1/16	7 5/16
French franc	3½	3½	3 9/16
ECU	4⅛	4 3/16	4 5/16
Yen	⅝	11/16	¾

Sources: Lloyds Bank, Reuters.

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NASDAQ NATIONAL MARKET

Consolidated prices for all shares traded during week ended Friday June 27



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■ **Japan Bonds Expected to**

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Bloomberg reported from Tok

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Ministry of International Trade ...
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attributed the decline to a build
inventory.

rts

Weekly Sales

Continued on Page 19

Machine Firm Goes Bankrupt In South Korea

Bloomberg News

SEOUL — Taesung Machinery & Construction Co. was declared bankrupt over the weekend by its creditor bank after failing to honor promissory notes totaling $1.2 million.

Taesung's failure to repay loans from the Korea Development Bank was reported in the Korea Stock Exchange's public notice to investors.

Trading in shares of the debt-ridden Taesung, which makes heavy-construction equipment and heat exchangers, was suspended earlier Saturday on speculation that the company would file for bankruptcy. The stock had plunged 690 won to 8,010 won ($9.02) a share.

Separately, trading in shares of Keumkang Leather Industry Co. was suspended amid speculation the company was on the verge of collapse after it failed to honor promissory notes. The stock fell 670 won to 8,250 won.

A South Korean company that fails to repay debts for the second business day is automatically declared bankrupt.

Trade Gap Clouds Dollar's Prospects

By Kenneth N. Gilpin
New York Times Service

NEW YORK — As the first half of 1996 draws to a close, opinions are mixed among currency traders and analysts about how the U.S. dollar will perform in the remaining six months of the year.

In part, the dollar's recent performance is responsible for the doubts. After rising to a four-and-a-half-year high against the Japanese yen in early May, the dollar has slumped about 10 percent on reports that America's bilateral trade deficit with Japan is widening.

And uncertainty about the prospects for European Monetary Union, scheduled to be implemented in January 1999, has prompted weakness against key Continental currencies like the Deutsche mark.

"Six months ago I was very bullish on the dollar," said Russell LaScala, chief spot dealer for Citibank in New York. "And I thought the trend would continue. But the follow-through has been disappointing."

Notwithstanding its recent downward gyrations, the dollar performed well during the first six months of the year. Through the end of last week, an index compiled by J. P. Morgan & Co. shows that on a trade-weighted basis the dollar appreciated by more than 4 percent against 12 major industrial country currencies.

Despite widening trade and current account deficits, economic conditions in the United States warranted a stronger dollar. But there are differences of opinion about whether those positives will continue.

"Overall, the main thing underlying the dollar's performance is that the United States economy has been outperforming economies in the rest of the world, in terms of growth and employment generation, most notably compared with Germany and Japan," said Ron Leven, global currency strategist at J. P. Morgan.

Mr. Leven predicted that the dollar would strengthen in the second half, particularly against the yen, largely because the economy, which has slowed in the second quarter, will expand at a 4 percent rate on average in the third and fourth quarters. That sort of growth will prompt the Federal Reserve Board to raise short-term interest rates by half a percentage point by the end of the year, he said.

A number of other analysts said they too were expecting further tightening moves from the Fed. But all agreed the central bank would not start the process at next week's meeting of its policy-making Open Market Committee.

"It seems to us that the Fed will not move until August," said Jim O'Neill, chief currency economist at Goldman Sachs & Co. "And unless we see some strength in upcoming employment numbers, they might wait until the fourth quarter." Unlike Mr. Leven at J. P. Morgan, Mr. O'Neill said he expected the dollar to fall further, particularly against the yen.

"The single most important determinant of a currency's value is the balance of payments, and the United States balance of payments deficit is still 2 percent of gross domestic product," he said. Unlike some other analysts who said they saw the recent widening in Japan's bilateral trade surplus with the United States as temporary, Mr. O'Neill said he did not expect it to narrow.

Over the next twelve months, Mr. O'Neill expects the yen to appreciate another 5 percent to 6 percent against the dollar.

Political concerns will likely be the dominant force in determining the dollar's performance against major European currencies for the balance of the year, analysts said.

An executive at an American agribusiness concern, who asked not to be identified, recently returned from a trip to Europe.

"I was surprised by comments people in the financial community made there about whether Helmut Kohl will survive the next election," to be held next year, he said. "If he is re-elected but weakened, or not re-elected, then I think the consensus of opinion is that there will be a delay in the implementation of the EMU. It is that sort of confusion that is beginning to impact the dollar."

Technology Value Fund: High Profits From the Brat-Pack

By Edward Wyatt
New York Times Service

NEW YORK — At the annual meeting of Charles Schwab & Co. Inc. last month, an angry investor had a pointed question for the company's founder: Why wasn't the Technology Value fund, the top performer among all American mutual funds over the last three years, available through Schwab's One Source program, the no-fee mutual fund supermarket for individual investors?

Mr. Schwab confessed ignorance of the fund, which was already available through two rival fund supermarkets, one run by Fidelity Investment Co. and the other by the discount broker Jack White Co. But he vowed to look into it. Less than a month later, One Source was carrying the Technology Value fund.

In coming weeks, many more investors are likely to clamor to get into the fund, which is just over three years old and which just passed the $100 million level in assets. The fund produced an average annual return of 55.8 percent in the three years ended in May, earning it a coveted five-star rating from Morningstar Group Inc., the Chicago fund trackers.

The brains behind it are Kendrick Kam and Kevin Landis, both in their mid-30s. Mr. Kam worked for several years in medical technology and Mr. Landis in electronic technology before they decided they could make a lot more money by investing in those industries.

In 1993, they founded Interactive Investments, the parent of the Tech

INVESTING

nology Value fund, and to date, their efforts have been a runaway success, partly because the fund has remained so small. If investors flood the fund with money, the question of whether those gains can continue looms larger.

In addition, many recent investors in the fund are about to be left out of a decision that could greatly affect its future. On July 21, shareholders will vote on whether to loosen some of the investment restrictions laid out in the fund's prospectus and on whether to raise its management fee by 50 percent.

Anyone who bought shares after May 22 will not be eligible to vote in the election. And those shareholders currently hold 15 percent of the fund's shares, a number that is rising each day.

But if the fund keeps piling up such impressive gains, shareholders probably will not care about those proposals. After all, when a fund gains more than 60 percent a year — as Technology Value did in 1996 and in 1995 — few shareholders are likely to object to a raise for the managers.

"We feel the performance shows that we've earned it," Mr. Landis said. "So we're asking shareholders what they think."

Mr. Landis and Mr. Kam came to the mutual fund business with no money management experience, but their hands-on experience in the fields in which they invest gives them a background that many other technology fund managers do not have.

After graduating from Stanford University with a Masters of Business Administration in marketing, Mr. Kam became a co-founder of Novoste Corp., a company working to make a diagnostic cardiac catheter that was bought in 1992 by a company that is now part of Pfizer Inc.

Mr. Landis, who has an MBA from Santa Clara University, worked for two years at Dataquest, the Silicon Valley research firm, and then worked as a product manager at S-MOS, a semiconductor company based in San Jose, California, that is a unit of Seiko Epson.

The managers say such experience, plus the fact that their fund, based in San Jose, is the only technology mutual fund that actually operates in Silicon Valley, gives them a leg up on other technology fund managers.

"If you ask most money managers to cite their experience, they will immediately tell you how long they've been money managers and how many analysts they have out in the field," Mr. Landis said. "I would rather have contacts at a company's suppliers, its customers and competitors to give us real-time industry inputs. It was the pair's lack of money management experience, however, that kept them out of the Schwab One Source supermarket for so long despite their stellar early performance record.

Schwab denied their original application, citing the founders' lack of experience as money managers and the fact that the fund was so small that it might grow too fast to function effectively.

Changing of Guard for Small Firms

Washington Post Service

WASHINGTON — For financial planners and investors who use them, July 8 marks the changing of the watchdogs.

Investment advisory firms, including financial planners who give investment advice, have been regulated by the Securities and Exchange Commission. The commission rarely got around to checking planners, especially those with small firms, but the planners were making key disclosures requested on the commission's form ADV, for "adviser." By law, new customers got some of that information.

But starting July 8, the commission no longer will oversee planning firms that manage less than $25 million. A law passed by Congress last year limits its jurisdiction to larger firms.

The smaller firms, which account for two-thirds of those now registered with the securities commission, will be regulated by the states. Four states do not register investment advisory firms: Colorado, Iowa, Ohio and Wyoming. Until they do, firms there will continue to report to the commission.

SHORT COVER

Dini Rules Out Top Role at EBRD

ROME (IHT) — Foreign Minister Lamberto Dini of Italy ruled out Sunday becoming head of the European Bank for Reconstruction and Development.

Responding in an interview to speculation in London that he might succeed Jacques de Larosiere as president of the development agency, Mr. Dini said, "I am flattered by the attention, but I have no plans to leave my position as foreign minister of Italy and leader of Italian Renewal," his new political party.

Thailand Heads Off Run on Firms

BANGKOK (AFP) — Thailand's central bank will move to head off a run on ailing finance companies by announcing Monday that promissory notes held by depositors would be redeemable at Krungthai Bank, local media reported Sunday.

The notes will be convertible into the bank's six-month or 12-month negotiable certificates of deposit, the reports said.

Accounts of the authorities' intentions differed, however, as to whether notes from all 91 finance companies would be convertible or only those from the 16 ordered Friday to close for 30 days and seek merger partners.

Mergers Climb 10% Worldwide

NEW YORK (Bloomberg) — Mergers and acquisitions worldwide rose 10 percent in the second quarter, on a pace that would make 1997 a record year for corporate consolidations, as companies combined to enter new markets, cut costs and increase profits.

Corporations around the globe announced consolidations valued at $332.3 billion in the second quarter, against $301.2 billion in the second quarter of 1996, and ahead of last year's record pace, when $1.14 trillion of mergers were announced, according to preliminary information provided by Securities Data Co. of Newark, New Jersey.

Goldman, Sachs & Co. was the leading adviser for mergers worldwide in the second quarter, arranging 69 transactions valued at $90.6 billion, according to Securities Data. Morgan Stanley was second and Lazard Freres & Co. was third.

Italy Enlarges Sale of ENI Shares

MILAN (Bloomberg) — The Italian government said Saturday that because of excess demand it had enlarged its sale of a third block of shares in ENI SpA, reducing its stake in the energy company to 51.5 percent.

Instead of the 1 billion shares, or 12.5 percent, of the company it originally planned to sell, the Italian Treasury said it will sell 1.265 billion shares, or 15.8 percent. It is also likely to have an over-allotment option, which would mean selling a total of 1.4 billion shares, or 17.5 percent, on higher demand.

If the full amount is sold, the offer will raise 13 trillion lire ($7.6 billion), the largest state asset sale ever in Italy and the world's largest equity sale of any type so far this year.

Insiders Retain Gazprom Board

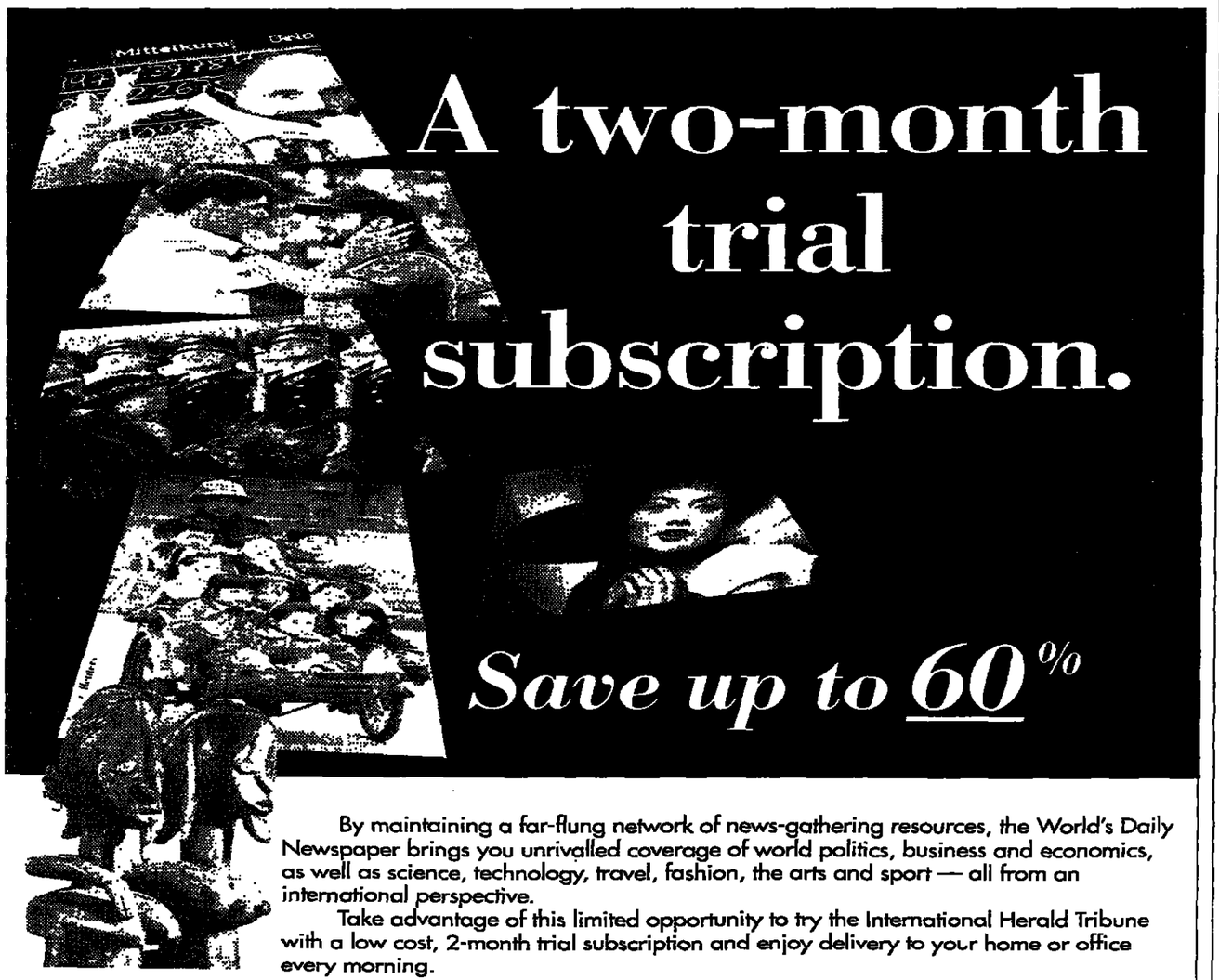
MOSCOW (Bloomberg) — RAO Gazprom's annual general meeting again elected company managers to dominate the board of directors of the world's biggest gas producer.

Company employees and two outsiders close to the company won seven of the 11 seats on the Russian company's board Saturday and government officials won the remaining four seats, thwarting any hopes outsiders had of gaining board representation.

Attempts in future to install independent directors also will be made more difficult by a new company bylaw limiting single investors to a maximum of 3 percent of Gazprom shares.

For the Record

AT&T Corp. has broken off merger talks with **SBC Communications Inc.** after a hailstorm of criticism from regulators and mounting internal disagreement about how to structure a deal, according to several executives. *(NYT)*



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FINLAND	FIM	624	310	50%
FRANCE	FF	520	210	60%
GERMANY*	DEM	182	72	60%
GREAT BRITAIN	£	47	22	53%
GREECE	DR	18 200	9,100	50%
IRELAND	IRE	52	26	50%
ITALY	ITL	145,600	58,000	60%
LUXEMBOURG	LFR	3,3800	1,350	60%
NETHERLANDS	NLG	195	78	60%
NORWAY	NOK	832	390	53%
PORTUGAL	ESC	11,960	5,000	58%
SPAIN	PTAS	11,700	5,000	57%
SWEDEN	SEK	832	350	58%
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EURO: *An Appeal for 'Sustainable' Discipline*

Continued from Page 15

Kohl insists that Germany must meet the debt ceiling or postpone monetary union.

In an interview with the weekly newspaper Welt am Sonntag, Premier Edmund Stoiber of Bavaria, an influential member of the Christian Social Union party said, "If you say that the euro must come on January 1, 1999, as agreed, and basically no longer say the criteria determine the timetable, then of course you create the impression that the criteria are considered less important than the timetable."

"If the requirements are not fulfilled," he added, "then of course, we will have to agree on a thorough, controlled postponement."

Many conservatives such as Mr. Stoiber worry that if an exception to the 3 percent ceiling is made for Germany or France, then exceptions will have to be made for other countries as well.

"If we begin with 3.2," he said, "then come the next ones with 3.6 and the next country with 3.8 or 3.9. That says everything. If we begin to waver, then we should know that 3 percent meanwhile has become synonymous with monetary stability." *(Reuters, Bloomberg)*

■ A Call for Flexibility

Alan Friedman of the International Herald Tribune reported:

Rudolf Scharping, a leading member of the Social Democratic opposition, said Sunday that the need for overall convergence and a coordinated European fight against unemployment was more important than a strict adherence to the 3 percent deficit target.

"The Maastricht treaty does not speak of 3.0 percent," he said, "but of convergence and of other important economic factors. It is not important if the figure is exactly 3.0 percent or whether it is some decimal point above that level."

Mr. Scharping said he agreed with Prime Minister Lionel Jospin of France that "it is crucial that we in Europe take steps to fight unemployment together." He added: "We will have monetary stability only if we have stable employment levels and a stable economy. This is our agenda."

Mr. Scharping also said he agreed with France's position that Italy should join in the euro from the start.

INTERNET: *Ruling Upholds Founders' Ideas*

Continued from Page 15

eras were invented in the mid-19th century, secret studios were photographing nudes. The videocassette recorder got a sales boost in the mid-1980s from letting people view sex films at home.

It was the same with the Internet. Not too long after it began, people were placing digital versions of sexual pictures on Internet computers for others to see.

No longer hidden in an obscure academic network, the Internet's sex sites, some of them now moneymaking businesses, caught the attention of conservative and parents' groups. Citing cases of children downloading hardcore pornography, they began a lobbying campaign that culminated in passage of the Communications Decency Act last year.

In the view of these groups, the Internet should be treated like television or radio, where content is closely regulated by the government. Just as airing a television program with obscene content would mean fines for the broadcaster, people who operate Internet sites should have responsibility for what they distribute, they feel.

Many in the Internet community, however, advocated treating the medium like printed matter, whose distribution can be regulated for only very limited reasons. They argued that the casual Internet surfer can't turn on a computer and immediately be bombarded with pornography. Users have to request such information, they said.

Civil libertarians and many in the Internet industry champion the concept of individual regulation. Instead of limiting what people offer on the network, they advocate that parents should use special software that will filter what their children might see. Critics contend the software is not effective enough to block out all the unwanted material that a child might encounter on the Internet.

"Right now, it's like a defective condom," said Mariam Bell, vice president of Enough Is Enough, an anti-pornography group. "It doesn't work."

Privacy advocates admit that filtering software does not provide an impregnable barrier against objectionable content, but they say such tools are constantly being updated.

"If you went back 10 years ago and asked about the safety of jungle gyms and backyard swimming pools," said George Vradenberg, America Online Inc.'s general counsel, you would "see that we've come a long way in how we think about safety."

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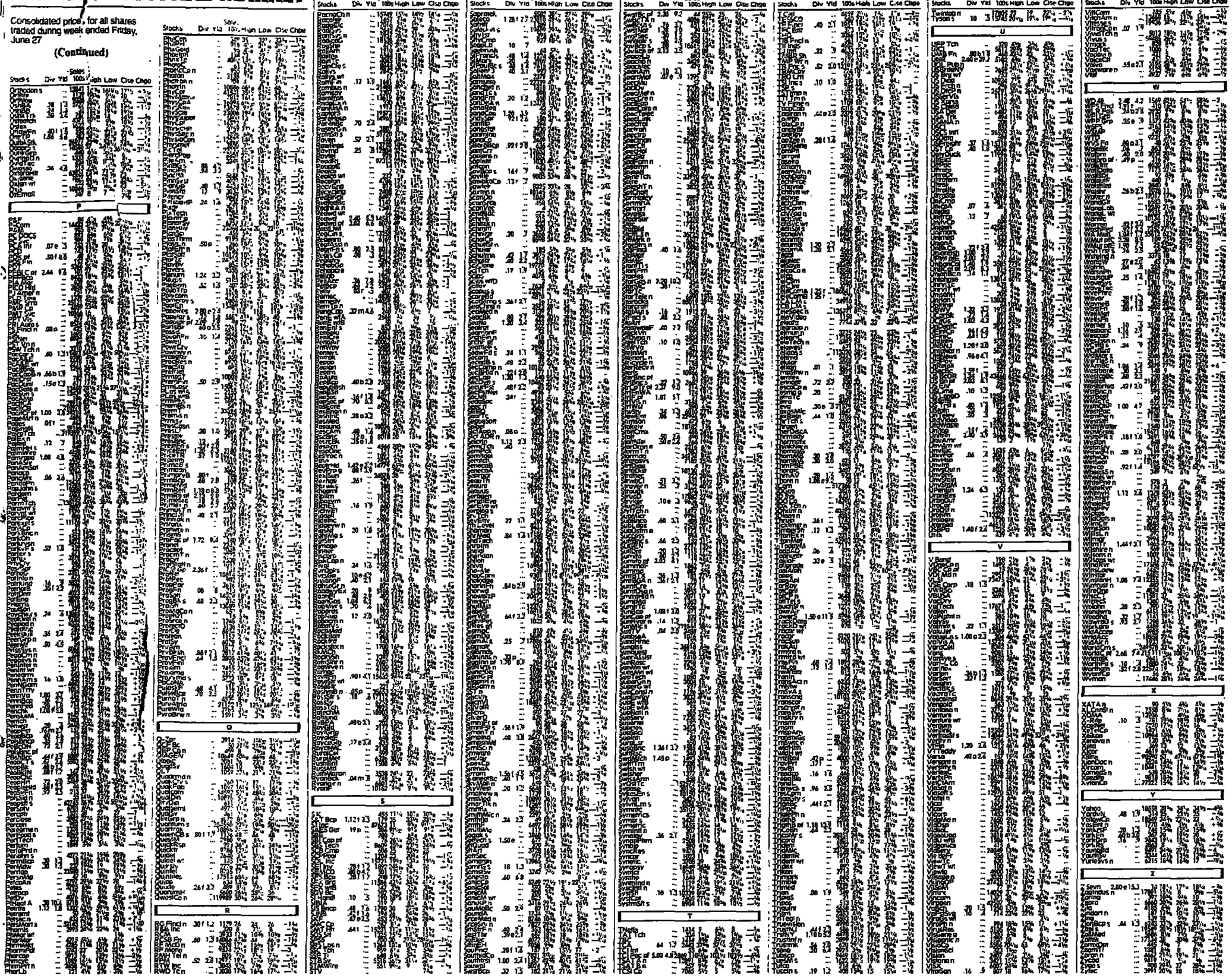
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NASDAQ NATIONAL MARKET

Consolidated price, for all shares traded during week ended Friday, June 27

(Continued)



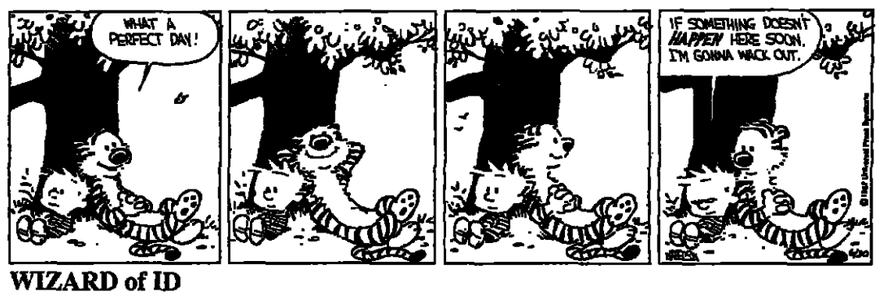
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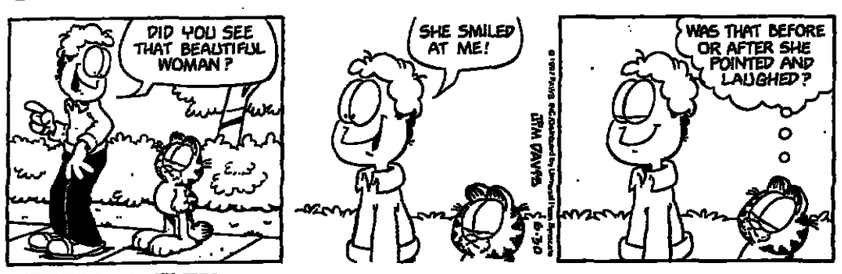
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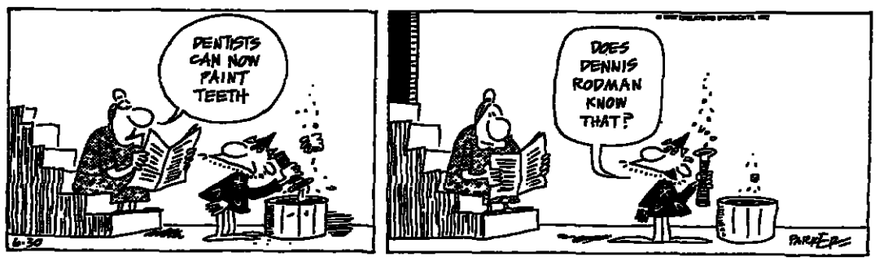
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THAT SCRAMBLED WORD GAME by Henri Arnold and Mike Argirion

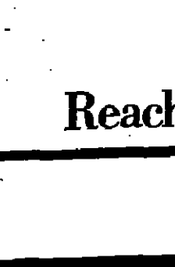
Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

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SOUME

COAZID

DASSIT



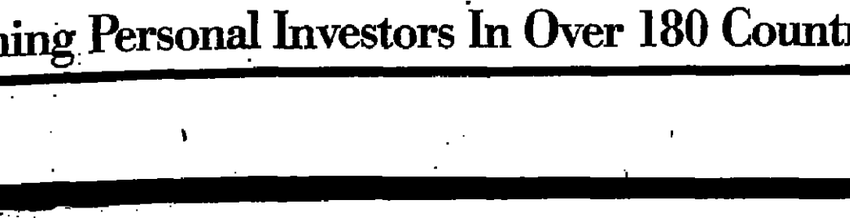
Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here: A

(Answers tomorrow)

Saturday's Jumbles: DRYLY ELATE ADRIFT DEBATE
Answer: What she enjoyed after winning the blue ribbon – A RED LETTER DAY

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Indians Club 19 Hits In Scalping of Yanks

The Associated Press

Matt Williams hit two homers and tied career highs with four hits and six runs batted in as the Cleveland Indians chalked up 19 hits in a 12-8 victory over the Yankees in New York.

Williams hit a two-run homer in the second inning off the Yankees' starter, David Wells, and a three-run homer off reliever Jim Mecir to cap a six-run sixth in Saturday night's game. Williams also had two singles as Cleveland snapped New York's four-game winning streak.

Sandy Alomar went 3-for-5 to extend his hitting streak to 25 games. Marquis Grissom matched his career high with five hits, including two doubles, and drove in three runs. Eric Plunk, the second of four Indians' pitchers, won in relief of Brian Anderson with two innings of one-hit ball. Albie Lopez allowed one run over three innings.

BASEBALL ROUNDUP

Tigers 9, Red Sox 2 Tony Clark and Melvin Nieves each homered on the first pitch of an inning to lift visiting Detroit to its third consecutive victory over Boston.

Felipe Lira, winless in four starts in June after going 4-0 in May, held the Red Sox to two runs and six hits in six innings. Phil Nevin drove in four runs, three on a ninth-inning homer.

Brewers 5, Royals 3 Jeff D'Amico won his fourth straight decision and the American League's worst road team recorded a rare victory away from home.

The Brewers stopped a four-game losing streak and raised their road record to 11-27 with just their fourth victory in their last 16 starts away from County Stadium.

Blue Jays 5, Orioles 2 Orlando Merced hit one of Toronto's three solo home runs and the visiting Blue Jays got another strong performance from their bullpen in handing Baltimore its season-high third straight loss.

Woody Williams allowed two runs in five innings, and three relievers combined to keep Baltimore scoreless the rest of the way. Mike Timlin got four outs for his eighth save.

Twins 11, White Sox 5 Brad Radke won his fifth straight start and cooled off baseball's hottest team as host Minnesota ended Chicago's seven-game winning streak.

Chuck Knoblauch, Pat Meares and Terry Steinbach hit solo homers for the Twins, who got 19 hits in halting a three-game losing streak.

Rangers 2, Athletics 0 Juan Gonzalez homered twice and Darren Oliver combined with three relievers on a five-hitter, leading Texas over host Oakland.

Oliver blanked the A's for five shaky innings for his first victory since June 2, a span of five starts. Dan Patterson, Eric Gunderson and John Wetteland held the A's hitless the rest of the way with Wetteland pitching a perfect ninth for his 16th save.

Angels 6, Mariners 1 Allen Watson allowed three hits in eight-plus innings and Luis Alicea homered to lead Anaheim over host Seattle.

Watson gave up a double and a walk in the first inning before retiring 18 straight until there were two outs in the seventh. The left-hander took a two-hitter into the ninth before giving up a walk and a single. Troy Percival finished up, allowing Edgar Martinez's sacrifice fly.

In the National League:

Cubs 5, Astros 2 Jeremi Gonzalez and three relievers combined on a two-hitter as host Chicago defeated Houston.

Mark Grace hit a two-run homer in the first inning, and Sammy Sosa added a two-run shot in the eighth.

Cardinals 12, Reds 6 Ron Gant homered as St. Louis scored seven runs off John Smiley, the starter, and held on to beat host Cincinnati.

Dmitri Young matched his career high with four hits and Willie McGee had four singles and drove in three runs as the Cardinals piled up 18 hits. St. Louis rocked Smiley for eight hits and seven runs in only two and a third innings.

Padres 9, Dodgers 3 Steve Finley drove in three runs with a pair of homers and Tony Gwynn added a two-run shot as San Diego beat host Los Angeles for the 10th consecutive time. Pete Smith started for Cincinnati, allowing two runs and three hits in five innings with four strikeouts and two walks.

Marlins 4, Expos 2 Livan Hernandez, a Cuban defector making his second start of the season, earned his first major league victory as Florida beat visiting Montreal.

Hernandez (1-0), who signed a four-year, $4.5 million contract with Florida after leaving the Cuban national team two years ago, struck out six and walked two in seven innings.

Mets 8, Pirates 3 Bernard Gilkey and John Olerud drove in two runs apiece and New York beat host Pittsburgh for the fourth time in five games over two weeks.

Braves 9, Phillies 1 Michael Tucker hit two of Atlanta's four home runs off Curt Schilling and John Smoltz won for the first time in five weeks as the host Braves beat Philadelphia.

Smoltz allowed six hits and struck out seven in seven innings.

Rockies 9, Giants 2 Dante Bichette hit a pair of three-run homers and Kevin Ritz pitched a six-hitter to lead host Colorado over San Francisco.

Vinny Castilla added a two-run homer and Larry Walker hit a solo shot for the Rockies. Bichette homered in the first and third innings for his 12th career multihomer game.

Ritz struck out five and walked two in his first complete game since June 27, 1996. The right-hander had lost his last three decisions.

Mark Gardner was the losing pitcher.



Ray Stubblebine/Reuters

Derek Jeter, the New York Yankees' shortstop, taking to the air in the fourth inning to force out Marquis Grissom of the Indians at second base.

Ewing, the Free Agent, Is About to Strike Gold

By Mike Wise
New York Times Service

Patrick Ewing is about to play the free-agent game, a can't-lose proposition for the New York Knicks' All-Star center in which he is to be paid an enormous sum of money.

Ewing is not knocking over Fort Knicks; the franchise is giving him the keys to the vault. Along with Michael Jordan, Ewing towers over a mediocre crop of players whose current contracts are expired and are about to make themselves available to other teams.

Thus, he will be paid handsomely.

"Any offer we put out there will not be insulting," said Ernie Grunfeld, the Knicks' general manager and team president.

The Knicks and the Bulls are not averse to paying two of the league's superstars almost whatever they want. David Falk, the agent for both players, has apparently convinced the Bulls that Jordan is worth more than $35 million for one more season and New York that Ewing is worth between $45 million and $60 million over three or four more seasons.

Anything less than what it costs to fund Russian space-station repairs is said to be a bargain for Jordan.

As for Ewing, the question of what is fair for a soon-to-be 35-year-old center on sometimes creaky knees is moot. Ewing's post-up peers and friends from Georgetown, Alonzo Mourning and Dikembe Mutombo, signed deals last season that pay them an annual salary of $16 million and $12 million, respectively. Shaquille O'Neal averages $17.1 million a season.

The Knicks, to keep their championship hopes alive, must indeed show Ewing the money.

The first day a free agent can be offered a deal is Tuesday. Given that there has been no public acrimony between Falk and Grunfeld, Ewing could sign a Knick-for-life deal before the Fourth of July weekend.

"I think we're going in with the attitude we'd like to get it done," Grunfeld said. "And I know they'd like to get it done. But there is no time frame on it."

Falk said recently that Ewing's longevity with the franchise should play a role in how long it takes to wrap up the negotiations. "As a gesture of good will for Patrick's service and contributions over the last 12 years," he said, "I'd like to see it get done in one day."

Grunfeld said: "If it could be done in one day, that would be great."

Ewing does not have all the leverage in the world, because few teams can put together a decent deal under the salary cap this season for his services. There is always the slim possibility of playing cheaply for a title-contending team and then testing the free-agent market again, but that is unlikely.

By putting players around him last summer and refusing to toss his name around in trade negotiations the past two seasons, the Knicks have done everything to make Ewing's last years in New York enjoyable; Ewing has responded by playing some of the most polished basketball of his career.

Although he has still not won a title, Ewing remains one of the few icons in the game who has managed to stay with one team his entire career. Age and health concerns aside, no one begrudges him a monster contract.

And besides, when your free-agent center competition is Duane Causwell and Mark West, well, it's a good bet that Ewing can get almost everything he wants.

A year after the Great Free-Agent Summer of '96, the talent has dropped off severely. Most teams have already begun creating room under the cap for 1998, the summer in which a plethora of All-Stars, including the rookie class of 1995, will be available to the highest bidder.

After Jordan, the pool of shooting guards gets awfully shallow this summer. Bobby Phills of the Cavaliers may command some decent offers, but Nick Anderson had such a sub-par year with Orlando that the Magic could re-sign him for a lot less than a year ago.

Hubert Davis, a long-distance specialist for the Knicks before he was traded to the Raptors, is also a free agent, as are Malik Sealy, with the Clippers last season, and Joe Dumars. The Pistons plan to keep Dumars until he retires.

There may be a bargain or two out there — point guard Erick Strickland of the Mavericks is a low-risk proposition, and Rex Chapman of the Suns can still energize your offense for a pittance of what many scorers might cost — but on the whole, it is Ewing, Jordan and a lot of nice role players who do not have a cologne named after them.

SCOREBOARD

BASEBALL

MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE

EAST DIVISION	W	L	Pct.	GB
Baltimore	50	26	.658	—
New York	44	33	.571	6½
Toronto	36	39	.480	13½
Detroit	35	41	.461	15
Boston	35	43	.449	16
CENTRAL DIVISION				
Cleveland	39	34	.534	—
Chicago	39	38	.506	2
Kansas City	36	39	.480	4
Milwaukee	36	39	.480	4
Minnesota	35	42	.455	6
WEST DIVISION				
Seattle	46	33	.582	—
Anaheim	41	37	.526	4½
Texas	38	39	.494	7
Oakland	33	48	.407	14

NATIONAL LEAGUE

EAST DIVISION	W	L	Pct.	GB
Atlanta	51	28	.646	—
Florida	46	32	.590	4½
Montreal	44	34	.564	6½
New York	44	34	.564	6½
Philadelphia	23	54	.299	27
CENTRAL DIVISION				
Houston	39	41	.487	—
St. Louis	37	41	.474	1
Pittsburgh	36	42	.462	2
Cincinnati	33	45	.423	5
Chicago	31	48	.392	7½
WEST DIVISION				
San Francisco	45	34	.570	—
Colorado	42	38	.525	3½
Los Angeles	38	41	.481	7
San Diego	35	44	.443	10

FRIDAY'S LINESCORES
AMERICAN LEAGUE

Cleveland 000 001 001—2 7 3
New York 300 000 00x—3 7 0
Hershiser and S. Alomar; Gooden, Stanton (8), M.Rivera (9) and Girardi. W—Gooden, 3-0. L—Hershiser, 7-4. Sv—M. Rivera (26). HR—Cleveland, Thome (22).

Detroit 000 100 000 01—2 8 0
Boston 000 000 100 00—1 6 2
(11 innings)
Blair, M. Myers (9), Miceli (10), To.Jones (11) and Casanova; Gordon, Slocumb (10), Hammond (11) and Hatteberg. W—Miceli, 1-1. L—Hammond, 3-4. Sv—To.Jones (9).

Toronto 000 110 000—2 6 0
Baltimore 000 000 010—1 5 0
Person, Plesac (8), Timlin (9), Spoljaric (9) and B. Santiago; Kamieniecki, Rhodes (8) and Webster, Laker (9). W—Person, 3-5. L—Kamieniecki, 6-4. Sv—Spoljaric (2).

Chicago 200 220 103—10 15 3
Minnesota 000 100 212—6 8 1
Navarro, T. Castillo (9), R.Hernandez (9) and Fabregas; Tewksbury, Swindell (5), Trombley (9), Guardado (9) and Steinbach. W—Navarro, 6-6. L—Tewksbury, 4-7. HRs—Chicago, Belle (18). Minnesota, Coomer 2 (8).

Milwaukee 000 010 101—3 8 2
Kansas City 104 423 00x—14 15 1
B.McDonald, Florie (4), Villone (6), Fetters (7), Do.Jones (8) and Matheny, Stinnett (7); Appier, Mk.Williams (7), J.Walker (9) and Macfarlane. W—Appier, 6-5. L—B. McDonald, 6-5. HRs—Kansas City, J.Bell (13), Paquette 2 (7).

Anaheim 000 100 000—1 7 0
Seattle 403 100 00x—8 8 0
C.Finley, Hasegawa (6) and Kreuter; Fassero, S.Sanders (8) and Da.Wilson. W—Fassero, 8-3. L—C. Finley, 3-6. HRs—Seattle, A.Rodriguez (10), Buhner (21), Blowers (3).

Texas 002 020 000—4 9 3
Oakland 020 041 00x—7 13 1
Burkett, Vosberg (6), Whiteside (6), Patterson (8) and I.Rodriguez; Oquist, A.Small (7), Groom (8), Taylor (9) and Go.Williams. W—Oquist, 2-2. L—Burkett, 5-7. Sv—Taylor (15). HR—Texas, I. Rodriguez (10).

NATIONAL LEAGUE

Houston 010 000 000—1 7 1
Chicago 200 000 00x—2 6 1
Hampton, Magnante (8) and Ausmus; Foster, R. Tatis (7), Wendell (8) and M. Hubbard. W—Foster, 9-5. L—Hampton, 3-7. Sv—Wendell (4).

Philadelphia 000 000 001—1 6 2
Atlanta 400 021 00x—7 10 0
Stephenson, Blazier (6), Brewer (7), Gomes (8) and Lieberthal; G.Maddux and Edd.Perez. W—G. Maddux, 10-3. L—Stephenson, 2-4. HRs—Atlanta, Blauser (11), A. Jones (6).

Montreal 000 002 000—2 10 0
Florida 000 000 000—0 6 1
Hermanson, M. Valdes (3), D.Veres (6), Urbina (9) and Widger; Chavez (4); K.J.Brown, Cook (8), Powell (8) and C.Johnson. W—M. Valdes, 3-2. L—K.J.Brown, 7-5. Sv—Urbina (14).

St. Louis 020 100 000—3 5 2
Cincinnati 010 004 00x—5 5 1
Al.Benes, Beltran (8) and Difelice; Lampkin (7); Tomko, Remlinger (7), Shaw (8) and Taubensee, J. Oliver (7). W—Tomko, 4-1. L—Al.Benes, 7-7. Sv—Shaw (15). HRs—St. Louis, Difelice (3). Cincinnati, W. Greene (11).

New York 000 001 000—1 5 1
Pittsburgh 402 000 00x—6 14 1
Mlicki, R. Jordan (5), Lidle (6), Acevedo (7), Kashiwada (8) and Hundley; Schmidt and Kendall. W—Schmidt, 3-4. L—Mlicki, 4-6. HRs—New York, Hundley (18). Pittsburgh, K. Young (6), Sveum (4).

San Francisco 011 001 021—6 10 1
Colorado 000 001 002—3 8 2
Rueter, Beck (9) and Berryhill; Thomson, Scott (7), M. Munoz (8), S.Reed (9) and Manwaring. W—Rueter, 5-2. L—Thomson, 2-5. Sv—Beck (26). HRs—San Francisco, Vizcaino (2), Bonds (18), Snow (7). Colorado, N. Perez (2).

San Diego 001 003 030—7 12 1
Los Angeles 000 200 012—5 12 1
J.Hamilton, Tl.Worrell (8), Bochtler (9), Hoffman (9) and Flaherty; Park, Dreifort (6), Guthrie (7), To.Worrell (8), Radinsky (8), Harkey (9) and Piazza. W—J. Hamilton, 5-3. L—Park, 5-5. Sv—Hoffman (15). HRs—San Diego, J. Hamilton (2). Los Angeles, Piazza (15), Zeile (16).

SATURDAY'S LINESCORES
AMERICAN LEAGUE

Cleveland 041 006 001—12 19 1
New York 312 101 000—8 12 2
Br.Anderson, Plunk (4), A.Lopez (6), M. Jackson (9) and S. Alomar; D.Wells, Kn.Rogers (4), Mecir (6), Nelson (8) and Posada. W—Plunk, 2-2. L—Kn.Rogers, 4-4. HRs—Cleveland, Ma.Williams 2 (17). New York, Fielder (9), T. Martinez (27).

Detroit 101 001 114—9 11 0
Boston 000 101 000—2 7 2
Lira, Brocail (7), Miceli (9) and Casanova; Sele, Eshelman (7), Lacy (9) and Hatteberg. W—Lira, 5-4. L—Sele, 9-6. HRs—Detroit, To.Clark (20), Nevin (3), Nieves (10).

Milwaukee 002 003 000—5 10 1
Kansas City 000 110 100—3 12 1
D'Amico, Do.Jones (8) and Matheny; Rosado, Bones (8) and Fasano, Macfarlane (8). W—D'Amico, 6-3. L—Rosado, 7-4. Sv—Do.Jones (18). HR—Kansas City, C. Davis (13).

Toronto 002 010 110—5 9 0
Baltimore 000 110 000—2 8 0
W.Williams, Quantrill (6), Spoljaric (7), Timlin (8) and B.Santiago; Key, Ml.Johnson (5), Orosco (7), Te.Mathews (8) and Webster. W—W. Williams, 3-7. L—Key, 11-4. Sv—Timlin (8). HRs—Toronto, Merced (7), A. Gonzalez (7), C. Garcia (1). Baltimore, Surhoff (11), Bordick (3).

Chicago 000 200 300—5 10 0
Minnesota 270 011 00x—11 19 0
Drabek, McElroy (2), Simas (4), C. Castillo (7) and Fabregas, Karkovice (7); Radke, Fr.Rodriguez (7) and Steinbach. W—Radke, 9-5. L—Drabek, 6-5. HRs—Minnesota, Knoblauch (4), Steinbach (8), Meares (7).

Texas 010 100 000—2 7 0
Oakland 000 000 000—0 5 0
D.Oliver, Patterson (6), Gunderson (8), Wetteland (9) and I.Rodriguez; Rigby, Mohler (9), D. Johnson (9) and Go.Williams. W—D. Oliver, 4-9. L—Rigby, 0-1. Sv—Wetteland (16). HRs—Texas, Ju.Gonzalez 2 (16).

Anaheim 001 010 400—6 9 0
Seattle 000 000 001—1 3 1
Watson, Percival (9) and Kreuter; Lowe, McCarthy (7), B. Wells (9) and Da.Wilson, Marzano (9). W—Watson, 7-4. L—Lowe, 2-3. HR—Anaheim, Alicea (3).

NATIONAL LEAGUE

Houston 000 000 200—2 2 4
Chicago 200 100 02x—5 6 2
R.Garcia, Hudek (7) and Ausmus; Je.Gonzalez, T.Adams (7), R.Tatis (7), Bottenfield (7) and Servais. W—Je.Gonzalez, 4-2. L—R. Garcia, 3-6. Sv—Bottenfield (1). HRs—Chicago, Sosa (16), Ma.Grace (7).

St. Louis 315 011 010—12 18 2
Cincinnati 202 020 000—6 9 1
Valenzuela, Petkovsek (5), Beltran (9) and Difelice; Smiley, Carrasco (3), Fe.Rodriguez (5), Sullivan (6), Belinda (9) and Fordyce, J. Oliver (5). W—Petkovsek, 3-4. L—Smiley, 5-10. HR—St. Louis, Gant (12).

San Diego 100 233 000—9 13 1
Los Angeles 000 111 000—3 8 0
P.Smith, Batchelor (6), Cunnane (8) and C. Hernandez; Nomo, Harkey (5), Guthrie (7), Hall (8) and Piazza, Prince (8). W—P. Smith, 2-1. L—Nomo, 7-7. HRs—San Diego, S. Finley 2 (14), Gwynn (12).

Montreal 000 200 000—2 3 1
Florida 201 000 01x—4 6 0
Bullinger, L. Smith (7), Telford (8) and Chavez; L.Hernandez, F.Heredia (6), Stanifer (8), Nen (9) and C. Johnson. W—L. Hernandez, 1-0. L—Bullinger, 5-7. Sv—Nen (22).

New York 000 003 050—8 11 0
Pittsburgh 000 000 210—3 9 0
Reynoso, Acevedo (7), McMichael (8), Jo.Franco (9) and Hundley; Loaiza, Silva (7), Christiansen (9) and Kendall. W—Reynoso, 6-1. L—Loaiza, 5-5.

Philadelphia 000 000 001—1 8 1
Atlanta 103 111 20x—9 11 0
Schilling, Gomes (6), Spradlin (7), Bottalico (8) and Lieberthal; Smoltz, Embree (8), Byrd (9) and J.Lopez. W—Smoltz, 7-7. L—Schilling, 9-7. HRs—Atlanta, Tucker 2 (8), Ch.Jones (13), J.Lopez (13).

San Francisco 010 001 000—2 6 1
Colorado 303 120 00x—9 9 0
Gardner, Carlson (3), Tavarez (7), Poole (8) and R.Wilkins; Ritz and Je.Reed. W—Ritz, 6-7. L—Gardner, 8-4. HRs—San Francisco, Snow (8). Colorado, L. Walker (23), Bichette 2 (12), Castilla (20).

JAPANESE LEAGUES

CENTRAL LEAGUE	W	L	T	Pct	GB
Yakult	43	23	0	.652	—
Hiroshima	34	30	0	.531	8
Hanshin	33	34	0	.493	10½
Chunichi	30	35	0	.462	12½
Yokohama	27	35	0	.435	14
Yomiuri	28	38	0	.424	15
PACIFIC LEAGUE					
Orix	36	21	1	.629	—
Seibu	34	28	2	.547	4½
Daiei	36	32	0	.529	5½
Nippon Ham	33	34	0	.493	8
Kintetsu	26	38	1	.408	13½
Lotte	25	37	2	.406	13½

SATURDAY'S RESULTS
CENTRAL LEAGUE
Hanshin 12, Yokohama 6
Yomiuri 3, Chunichi 2
PACIFIC LEAGUE
Nippon Ham 9, Lotte 1

SUNDAY'S RESULTS
CENTRAL LEAGUE
Yakult 9, Hiroshima 0
Chunichi 5, Yomiuri 3
Yokohama 12, Hanshin 5
PACIFIC LEAGUE
Orix 3, Daiei 1
Kintetsu 5, Seibu 4, 12 innings
Nippon Ham 7, Lotte 1

AUTO RACING

FRENCH GRAND PRIX

SUNDAY, AT MAGNY COURS, FRANCE
Race distance: 72 laps (305.814 kph)
1. M. Schumacher, Ger. Ferrari, 72 laps, 305.814 km in 1 h. 38 m. and 50.492 s. (average speed 185.639 kph)
2. H. Frentzen, Ger. Williams at 25.537 s.
3. E.Irvine, N.Ireland, Ferrari, at 1 m. 14.801.
4. J. Villeneuve, Can. Williams, 1:21.784.
5. J. Alesi, Fr. Benetton, 1:22.735.
6. R. Schumacher, Ger. Jordan, 1:29.871
7. D. Coulthard, Scot. McLaren, 71 laps.
8. J. Herbert, Eng. Sauber, 71
9. G. Fisichella, It. Jordan, 71
10. J. Trulli, Italy, Prost, 70

DRIVERS STANDINGS: 1. M.Schumacher 47; 2. Villeneuve 33; 3. Frentzen 19; 4. Irvine 18; 5. Panis, Fr. Prost-Mugen-Honda, 15; tie Alesi 15; 7. Coulthard 11; 8. G.Berger, Austria, Benetton-Renault; Hakkinen, Finland, Mclaren-Mercedes, 10.

CONSTRUCTORS STANDINGS: 1. Ferrari 65 points; 2. Williams 52; 3. Benetton 25; 4. McLaren 21; 5. Prost 16; 6. Jordan 13; 7. Sauber 8; 8. Stewart 6; 9. Tyrrell 2.

BASEBALL

EUROPEAN CHAMPIONSHIPS

FIRST ROUND
GROUP B, IN GERONA, SPAIN
Israel 88, France 82
Lithuania 76, Slovenia 67
FINAL STANDINGS: Lithuania 3 victories; Israel 2; France 1; Slovenia 0;
Lithuania, Israel and France go to 2d round.
GROUP D, IN BADALONA, SPAIN
Spain 67, Germany 59
FINAL STANDINGS: Spain 3 victories; Croatia 1; Germany 1; Ukraine 1.
Spain, Croatia and Germany go to 2d round.
GROUP C, IN BADALONA
Italy 80, Poland 65
FINAL STANDINGS: Italy 3 victories; Yugoslavia 2; Poland 1; Latvia 0.
Italy, Yugoslavia and Poland go to 2d round.
SECOND ROUND GROUPS
GROUP E, IN GERONA
Greece, Lithuania, Russia, Israel, Turkey and France.
GROUP F, IN BADALONA
Italy, Spain, Yugoslavia, Croatia, Poland and Germany.
Top 4 teams qualify for quarterfinals.
SUNDAY RESULTS
GROUP E
Turkey 81, Israel 71
GROUP F
Yugoslavia 88, Germany 73

GOLF

FRENCH OPEN

Leading scores after fourth and final round of $983,000 French Open on 6,520-meter, (7,122-yard) par-72 French National course, Guyancourt, west of Paris:

R. Goosen, S.Africa	64-67-70-70—271
J. Spence, England	68-71-67-68—274
R. Russell, Scotland	75-68-66-66—275
D. Clarke, Ireland	70-69-67-69—275
V. Phillips, England	70-68-71-66—275
M. Gates, England	68-67-69-71—275
S. Webster, England	67-71-69-69—276
R. McFarlane, Eng.	70-70-69-68—277
R. Coles, England	72-66-69-70—277
E.Romero, Argentina	68-70-71-68—277

MIZUNO OPEN

Leading final scores Sunday in 100 million yen ($877,000) Mizuno Open golf tournament on 6,822-yard (6,208-meter), par-72 Tokinodai Country Club course in Hakui, Japan:

B. Watts, U.S.	69-69-71-69—278
T. Izawa, Jap.	72-65-73-70—280
T. Nakamura, Jap.	73-71-69-68—281
S. Higaki, Jap.	72-70-71-69—282
R. Gibson, Canada	72-72-70-69—283
H. Miyase, Jap.	65-72-76-70—283
E. Mizoguchi, Jap.	72-74-71-68—285
B. Jobe, U.S.	74-69-72-70—285
H. Meshiai, Jap.	69-71-75-70—285
S. Yokota, Jap.	69-70-74-72—285

RUGBY

FRENCH TOUR
SATURDAY, IN BRISBANE, AUSTRALIA
Australia 26, France 19
Australia won test series 2-0.
BRITISH LIONS TOUR
SATURDAY, DURBAN, SOUTH AFRICA
South Africa 15, British Lions 18
British Lions lead series 2-0.
ARGENTINA TOUR
SATURDAY, HAMILTON, NEW ZEALAND
New Zealand 62, Argentina 10
New Zealand won series 2-0.
WORLD CUP QUALIFIER
SATURDAY, IN APIA, WESTERN SAMOA
Western Samoa 62, Tonga 13

SOCCER

SPANISH CUP
Barcelona 3, Real Betis 2 (after extra)
2-2 at 90 minutes.

COSAFA CASTLE CUP
Namibia 4, Malawi 1
STANDINGS: Mozambique 4 points; Namibia 4; Zambia 3; Tanzania 1; Malawi 1.
MAJOR LEAGUE SOCCER
Tampa Bay 3, Los Angeles 2
Kansas City 4, Colorado 3
San Jose 3, Dallas 1
STANDINGS: Eastern Conference: D.C. 29 points; New England 22; Tampa Bay 22; Columbus 17, NY-NJ 13. Western Conference: Kansas City 25; Colorado 22; Dallas 18; San Jose 14; Los Angeles 10.

WORLD YOUTH CUP

QUARTERFINALS
SUNDAY, IN SHAH ALAM, MALAYSIA
Uruguay 1, France 1
Uruguay won 7-6 on penalties.
Ireland 1, Spain 0
SUNDAY, IN KUCHING, MALAYSIA
Argentina 2, Brazil 0
SUNDAY, IN JOHOR BAHRU, MALAYSIA
Ghana 2, Japan 1
Ghana won 2-1 in sudden death extra time.

WORLD CUP

OCEANIA ZONE
FINAL, 1ST LEG
SATURDAY, IN AUCKLAND
New Zealand 0, Australia 0
ASIAN ZONE
GROUP 4
Japan 1, Oman 1
Macao 2, Nepal 1
FINAL STANDINGS: Japan 16 points; Oman 13; Macao 4; Nepal 1.
Japan qualified for second round.
GROUP 5
Cambodia 1, Uzbekistan 4
STANDINGS: Uzbekistan 13 points; Yemen 8; Indonesia 7; Cambodia 1.
GROUP 9
Kazakhstan 3, Iraq 1
FINAL STANDINGS: Kazakhstan 12 points; Iraq 6; Pakistan 0.
Kazakhstan qualified for second round.

COPA AMERICA

THIRD PLACE PLAYOFF
SATURDAY, IN ORURO, BOLIVIA
Mexico 1, Peru 0

TENNIS

WIMBLEDON

SATURDAY RESULTS
WOMEN'S SINGLES
1ST ROUND

Elena Likhovtseva, Russia, def. Natasha Zvereva, Belarus, 6-2, 6-2; Maria Alejandra Vento, Venezuela, def. Annabel Ellwood, Australia, 7-5, 6-1; Ginger Helgeson Nielsen, U.S., def. Lucie Ahl, Britain, 6-2, 6-4.

Nathalie Tauziat, France, def. Nana Miyagi, Japan, 6-3, 6-4; Sandrine Testud, France, def. Miriam Schnitzer, Germany, 6-3, 6-0; Ines Gorrochategui, Argentina, def. Meilen Tu, U.S., 6-0, 6-3.

Naoko Kijimuta, Japan, def. Larisa Neiland, Latvia, 7-5, 6-2; Magdalena Grzybowska, Poland, def. Venus Williams, U.S., 4-6, 6-2, 6-4; Florencia Labat, Argentina, def. Rita Grande, Italy, 6-4, 6-4.

Judith Wiesner, Austria, def. Jana Kandarr, Germany, 7-5, 6-2; Magui Serna, Spain, def. Jolene Watanabe, U.S., 6-3, 6-1; Corina Morariu, U.S., def. Claire Taylor, Britain, 6-2, 6-1.

Els Callens, Belgium, def. Paola Suarez, Argentina, 6-4, 6-2; Mary Pierce (9), France, def. Dominique van Roost, Belgium, 6-3, 6-4; Barbara Paulus (16), Austria, def. Kristie Boogert, Netherlands, 6-3, 1-6, 6-3.

Tamarine Tanasugarn, Thailand, def. Ludmila Richterova, Czech Republic, 6-3, 6-1; Sarah Pitkowski, France, def. Francesca Lubiani, Italy, 6-3, 4-6, 6-1; Virginia Ruano Pascual, Spain, def. Sandra Dopfer, Austria, 6-2, 6-2.

Lorna Woodroffe, Britain, def. Patty Schnyder, Switzerland, 6-4, 6-4; Naoko Sawamatsu, Japan, def. Samantha Smith, Britain, 6-1, 6-3; Emmanuelle Gagliardi, Switzerland, def. Catalina Cristea, Romania, 3-6, 7-5, 6-1.

Aleksandra Olsza, Poland, def. Lenka Nemeckova, Czech Republic, 3-6, 6-1, 6-2; Radka Zrubakova, Slovakia, def. Nancy Feber, Belgium, 6-1, 7-5; Mary Joe Fernandez (11), U.S., def. Nocile Van Lottum, France, 6-2, 6-2.

Kristina Brandi, U.S., def. Ann Grossman, U.S., 6-2, 7-6 (7-5); Nicole Pratt, Australia, def. Katarina Studenikova, Slovakia, 6-3, 4-6, 6-3; Patricia Hy-Boulais, Canada, def. Miho Saeki, Japan, 6-2, 1-6, 6-2.

Barbara Schett, Austria, def. Asa Carlsson, Sweden, 2-6, 6-3, 6-0.

2D ROUND

Martina Hingis (1), Switzerland, def. Olga Barabanschikova, Belarus, 6-2, 6-2; Helena Sukova, Czech Republic, def. Shi-Ting Wang, Taiwan, 6-0, 6-3; Nicole Arendt, U.S., def. Lisa Raymond, U.S., 1-6, 6-4, 6-3.

Anna Kournikova, Russia, def. Barbara Rittner, Germany, 4-6, 7-6 (9-7), 6-3; Maria Alejandra Vento, Venezuela, def. Andrea Glass, Germany, 2-1, retired injured; Conchita Martinez (10), Spain, def. Yuka Yoshida, Japan, 6-0, 6-0.

Sabine Appelmans, Belgium, def. Laura Golarsa, Italy, 6-2, 6-0; Brenda Schultz-McCarthy (14), Netherlands, def. Amy Frazier, U.S., 7-6 (7-3), 6-3; Gigi Fernandez, U.S., def. Nathalie Dechy, France, 6-3, 4-6, 6-3.

Anke Huber (7), Germany, def. Joannette Kruger, South Africa, 6-2, 6-0; Karen Cross, Britain, def. Maria-Antonia Sanchez Lorenzo, Spain, 6-4, 6-0; Irina Spirlea (12), Romania, def. Elena Makarova, Russia, 4-6, 6-1, 10-8.

Iva Majoli (4), Croatia, def. Marion Maruska, Austria, 6-3, 6-3; Anna Kournikova, Russia, def. Anke Huber (7), Germany, 3-6, 6-4, 6-4.

MEN'S SINGLES
FIRST ROUND

Sargis Sargsian, Armenia, def. Johan Van Herck, Belgium, 7-6 (7-4), 6-2, 6-4; Alexander Radulescu, Germany, def. Adrian Voinea, Romania, 7-6 (7-5), 3-6, 6-1, 3-6, 6-4; Renzo Furlan, Italy, def. Jan Siemerink, Netherlands, 6-7 (5-7), 6-7 (4-7), 6-4, 6-4, 6-4;

Danny Sapsford, Britain, def. Nicolas Pereira, Venezuela, 3-6, 6-2, 7-6 (7-5), 6-3; Patrick Baur, Germany, def. Jeff Salzenstein, U.S., 7-6 (7-5), 3-6, 3-6, 6-4, 9-7; Javier Sanchez, Spain, def. Michael Tebbutt, Australia, 3-6, 4-6, 6-4, 7-5, 14-12;

SECOND ROUND

Cedric Pioline, France, def. Javier Frana, Argentina, walkover. Tim Henman (14), Britain, def. Jerome Golmard, France, 7-6 (7-4), 6-3, 6-3. Richey Reneberg, Minneapolis, def. Carlos Moya (10), Spain, 6-4, 6-3, 6-3.

Brett Steven, New Zealand, def. Frederik Fetterlein, Denmark, 4-6, 7-5, 6-3, 6-2. Sandon Stolle, Australia, def. Emilio Alvarez, Spain, 6-4, 6-4, 6-4. Alexander Radulescu, Germany, def. Marzio Martelli, Italy, 6-3, 7-5, 6-4.

Paul Haarhuis, Netherlands, def. Todd Larkham, Australia, 3-6, 6-3, 6-1, 6-2. Boris Becker (8), Germany, def. Thomas Johansson, Sweden, 6-1, 6-4, 6-4. Michael Stich, Germany, def. Justin Gimelstob, U.S., 7-5, 6-1, 6-1.

David Rikl, Czech Republic, def. Francisco Clavet, Spain, 6-4, 7-6 (7-5), 6-4. Christophe Van Garsse, Belgium, def. Magnus Gustafsson, Sweden, 6-4, 6-4, 6-1. Greg Rusedski, Britain, def. Jonathan Stark, U.S., 4-6, 7-6 (9-11), 6-4, 6-3, 11-9.

Guillaume Raoux, France, def. Doug Flach, U.S., 6-3, 6-7 (5-7), 6-3, 6-1. Arnaud Clement, France, def. Martin Lee, Britain, 4-6, 6-2, 6-3, 6-4. Richard Krajicek (4), Netherlands, def. Andrei Pavel, Romania, 3-6, 6-4, 6-7 (4-7), 6-3, 6-3.

Wayne Ferreira (15), South Africa, def. Rodolphe Gilbert, France, 7-6 (7-5), 4-6, 6-3, 3-6, 9-7. Andrew Richardson, Britain, def. Juan Albert Viloca, Spain, 6-3, 3-6, 6-4, 2-6, 6-2. Magnus Norman, Sweden, def. Goran Ivanisevic (2), Croatia, 6-3, 2-6, 7-6 (7-4), 4-6, 14-12.

Andrei Medvedev (13), Ukraine, def. Sargis Sargsian, Armenia, 6-1, 6-4, 7-5. Byron Black, Zimbabwe, def. Danny Sapsford, Britain, 6-2, 7-5, 6-2. Mark Woodforde, Australia, def. Chris Wilkinson, Britain, 5-7, 5-7, 6-2, 6-4, 6-1.

Petr Korda (16), Czech Republic, def. Marc Rosset, Switzerland, 6-3, 6-0, 7-6 (10-8). Pete Sampras (1), U.S., def. Hendrik Dreekmann, Germany, 7-6 (7-2), 7-5, 7-5.

SUNDAY RESULTS
WOMEN'S SINGLES
2D ROUND

Nathalie Tauziat, France, def. Kerry-Anne Guse, Australia, 6-0, 6-3. Yayuk Basuki, Indonesia, def. Ines Gorrochategui, Argentina, 6-2, 6-0. Magui Serna, Spain, def. Sarah Pitkowski, France, 6-2, 6-0.

Tamarine Tanasugarn, Thailand, def. Naoko Sawamatsu, Japan, 6-2, 6-2. Mary Joe Fernandez (11), U.S., def. Aleksandra Olsza, Poland, 6-4, 6-0. Judith Wiesner, Austria, def. Lorna Woodroffe, Britain, 6-2, 6-3.

Patricia Hy-Boulais, Canada, def. Amanda Coetzer (6), South Africa, 6-2, 6-1. Denisa Chladkova, Czech Republic, def. Lindsay Davenport (5), U.S., 7-5, 6-2. Radka Zrubakova, Slovakia, def. Nicole Pratt, Australia, 6-4, 7-5.

Sandrine Testud, France, def. Corina Morariu, U.S., 6-7 (5-7), 6-3, 6-1. Jana Novotna (3), Czech Republic, def. Elena Likhovtseva, Russia, 6-1, 4-6, 6-4. Magdalena Grzybowska, Poland, def. Barbara Schett, Austria, 4-6, 6-3, 6-2.

Mary Pierce (9), France, def. Virginia Ruano Pascual, Spain, 6-0, 2-6, 6-3. Gala Leon Garcia, Spain, def. Cristina Torrens-Valero, Spain, 3-6, 6-2, 6-3. Magdalena Maleeva, Bulgaria, def. Ginger Helgeson Nielsen, U.S., 7-5, 7-5.

Arantxa Sanchez Vicario (8), Spain, def. Emmanuelle Gagliardi, Switzerland, 6-4, 6-2. Monica Seles (2), U.S., def. Kristina Brandi, U.S., 5-7, 6-3, 6-3 Florencia Labat, Argentina, def. Els Callens, Belgium, 6-2, 6-3.

Naoko Kijimuta, Japan, def. Barbara Paulus (16), Austria, 5-7, 6-3, 6-3.

THIRD ROUND

Helena Sukova, Czech Republic, def. Conchita Martinez (10), Spain, 6-4, 6-2. Irina Spirlea (12), Romania, def. Gigi Fernandez, U.S., 6-3, 6-1; Martina Hingis (1), Switzerland, def. Nicole Arendt, U.S., 6-1, 6-3; Sabine Appelmans, Belgium, def. Brenda Schultz-McCarthy (14), Netherlands, 6-2, 6-3.

Iva Majoli (4), Croatia, def. Karen Cross, Britain, 4-6, 7-6 (7-2), 6-4.

MEN'S SINGLES
SECOND ROUND

Nicolas Kiefer, Germany, def. Patrick Baur, Germany, 7-5, 7-6 (7-2), 6-1; Yevgeny Kafelnikov (3), Russia, def. Javier Sanchez, Spain, 6-4, 4-6, 6-3, 6-4; John Van Lottum, Netherlands, def. Renzo Furlan, Italy, 6-3, 6-3, 6-3.

Todd Woodbridge, Australia, def. Marcos Ondruska, South Africa, 7-5, 6-1, 7-6 (7-3); Marcelo Rios (9), Chile, def. Dennis Van Scheppingen, Netherlands, 6-2, 6-3, 6-7 (1-7), 7-6; Jason Stoltenberg, Australia, def. Nicklas Kulti, Sweden, 6-2, 3-6, 6-2, 6-3.

Alex O'Brien, U.S., def. Neville Godwin, South Africa, 6-3, 6-3, 6-7 (6-8), 7-6 (7-5); Mark Petchey, Britain, def. Tommy Haas, Germany, 7-6 (7-4), 6-4, 6-2; Marcelo Rios (9), Chile, def. Dennis Van Scheppingen, Netherlands, 6-2, 6-3, 6-7 (1-7), 7-6 (9-7).

Patrick Rafter (12), Australia, def. Jens Knippschild, Germany, 6-3, 4-6, 6-3, 6-0.

THIRD ROUND

Richard Krajicek (4), Netherlands, def. David Rikl, Czech Republic, 6-4, 6-3, 7-5; Cedric Pioline, France, def. Wayne Ferreira (15), South Africa, 6-4, 6-3, 6-3; Michael Stich, Germany, def. Sandon Stolle, Australia, 6-3, 6-7 (5-7), 6-2, 7-6 (7-4).

Richey Reneberg, U.S., def. Guillaume Raoux, France, 7-5, 6-7 (4-7), 7-6 (9-7), 6-3; Greg Rusedski, Britain, def. Andrew Richardson, Britain, 6-3, 6-4, 6-4; Brett Steven, New Zealand, def. Magnus Norman, Sweden, 6-7 (5-7), 6-2, 6-3, 6-1.

Tim Henman (14), Britain, def. Paul Haarhuis, Netherlands, 6-7 (7-9), 6-3, 6-2, 4-6, 14-12; Mark Woodforde, Australia, def. Arnaud Clement, France, 6-2, 6-3, 6-3.

TRANSITIONS

BASEBALL
AMERICAN LEAGUE

CLEVELAND—Put RHP Paul Shuey on 15-day disabled list retroactive to June 19. Recalled LHP Steve Kline from Buffalo, AA.

MILWAUKEE—Agreed to terms 3B Jeff Cirillo to 4-year contract extension through 2001.

OAKLAND—Traded OF Geronimo Berroa to Baltimore for RHP Jimmy Haynes and player to be named.

SEATTLE—Put RHP Mike Maddux on 15-day disabled list, retroactive to June 22. Activated SS Alex Rodriguez from 15-day disabled list.

TORONTO—Fired Karl Kuehl, director of player development, and Rick Peterson, minor-league pitching coordinator. Named Jim Hoff interim minor-league pitching coordinator. Put INF Tomas Perez on 15-day disabled list, retroactive to June 26. Activated RHP Juan Guzman from 15-day disabled list.

NATIONAL LEAGUE

CHICAGO—Agreed to terms with OF Sammy Sosa on 4-year contract through 2001.

LOS ANGELES—Sent C Ken Huckaby outright to Albuquerque, PCL.

ST. LOUIS—Put OF Brian Jordan on 15-day disabled list. Called up OF Micah Franklin from Louisville, AA.

BASKETBALL
NATIONAL BASKETBALL ASSOCIATION

ATLANTA—Signed G Ed Gray to 3-year contract.

NEW JERSEY—Traded rights to F Tim Thomas and G Anthony Parker, G Jimmy Jackson and C Eric Montross to Philadelphia 76ers for C Michael Cage, G Lucious Harris, F Don MacLean, and rights to F Keith Van Horn.

ORLANDO—Named Brendan Suhr, Tree Rollins and Tom Sterner assistant coaches.

FOOTBALL
NATIONAL FOOTBALL LEAGUE

CINCINNATI—Signed NT William Carr to 3-year contract.

DETROIT—Signed RB Ed Hobbs, QT Jason Holz and K J.J. Phair.

HOCKEY
NATIONAL HOCKEY LEAGUE

BOSTON—Named Bobby Francis assistant coach and signed him to 4-year contract.

CAROLINA—Signed D Adam Burt, G Jason Muzzatti, F Jeff Daniels and F Steve Rice to multiyear contracts. Acquired F Steve Leach from the St. Louis Blues for D Alexander Godynyuk and 1998 6-round entry draft pick.

DALLAS—Signed D Craig Ludwig to 1-year contract.

COLLEGE

NCAA—Put Arizona State's track and field program on 2 years probation for violations involving extra benefits, recruiting and ethical conduct. Named Tom Collins, director of athletics at Campbell University, to Compliance-Academics-Eligibility Cabinet of the NCAA.

DELAWARE—Extended the contract of Mike Brey, men's basketball coach, through the 2001-02 season.

MISSOURI VALLEY CONFERENCE—Named John Moore, president of Indiana State, chairman of the presidents council and Sue Davis, faculty athletics representative at Indiana State, president.

NEW YORK TECH—Named Sal Lagano men's basketball coach.

NORTH FLORIDA—Named Sidney Green men's basketball coach.

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ACES HIGH FOR EUROPE.
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صكذا من الاصل

SPORTS



Jack Smith/The Associated Press

Mike Tyson taking a bite out of Evander Holyfield's right ear in the third round of their championship fight.

FIGHT: *Tyson Disqualified After Biting Both of Holyfield's Ears*

Continued from Page 1

seconds left in the round. Holyfield, who won the first two rounds on all three judges' cards, said it was clear Tyson acted out of desperation in a fight he knew he could not win.

"It doesn't show any courage when you foul and try to get out of it," said Holyfield, who headed to a nearby hospital after the bout.

Said Duane Ford, who was one of the judges: "He bit a hunk out of his right ear, and he spit it on the floor."

The disqualification triggered a chaotic scene in the ring, when Tyson and Tim Hallmark, Holyfield's cornerman, started screaming at each other, triggering Tyson to charge Hallmark and Holyfield and knock over at least one police officer hired by the hotel for security.

Tyson, who was being controlled by Holyfield in the three rounds that took place, was pulled back by a swarm of security guards. But minutes later, the fighters were still in the ring, and Tyson unsuccessfully charged at the Holyfield corner once again.

When Tyson and his group finally left the ring — about a minute after Holyfield had left to cheers — they were booed raucously and hit with liquid thrown from the seats above the MGM Grand Garden arena walkway. Then someone threw a bottle of mineral water at the group. Security officers flooded the area to prevent a small riot after Tyson and his handlers made a brief attempt to jump into the stands.

Witnesses said Tyson made it a few steps into the stands, and swung at several spectators before being pulled away and into his dressing room.

Half an hour after the disqualification, Tyson scoffed at the seriousness of his actions.

"Holyfield's not the tough warrior he says he is," Tyson said. "He got a little nick on his ear and he quit. Holyfield didn't want to fight."

Tyson's camp had complained that Holyfield purposely butted Tyson in their first fight in November.

On Saturday, Tyson (45-3) said he acted in retaliation for a second-round clash of heads that opened a cut over his right eye. "He butted me in the second round and he butted me again," Tyson said. "No one took points from him. What am I supposed to do? This is my career, I've got children to raise.

"Regardless of what he did, he butted me for two fights. Look at me. Look at me. I'm going to go home and my kids are going to be scared of me. I addressed it in the ring."

Tyson's $30 million purse was being withheld pending a Nevada State Athletic Commission hearing, said Marc Ramer, the commission's executive director. The hearing is scheduled for Tuesday.

Holyfield, who raised his record to 34-3 and received $35 million for the bout, said Tyson simply looked for an easy way out: "Fear causes people to do things to get out of it."

Lane, the referee, said he took two points away from Tyson after the first bite and the push. He said he told Tyson that a second bite would result in disqualification. "How many times do you want a guy to get bit?" Lane said.

Tyson, who began the fight trying to avoid the recklessness that led to defeat in his first contest with Holyfield last November, bobbed and weaved. But he looked visibly frustrated after his jabs and hooks missed Holyfield repeatedly.

Lane, who replaced Mitch Halpern as the referee after a protest by Tyson's managers caused Halpern to bow out, was pressed into action early when the fighters clinched 39 seconds into the fight.

As in the first bout, Holyfield looked bigger and stronger than Tyson, shoving him aside when he wanted to and landing the harder shots despite Tyson's best defense. A left hook-left hook-straight right combination at 1:45 of the first caused Tyson to stop in his tracks and shake his head.

The butt by Holyfield — ruled accidental by Lane — occurred early in the second round, and Tyson's right eye was sliced and poured blood immediately as Holyfield dominated the action.

Tyson came roaring out of corner and into the middle of the ring well before the start of the third round, but he did not have his mouthpiece and had to return to his corner.

But for what happened later, he needed no mouthpiece.

Tyson was having his most effective round in the third, and would have won it on all three judges' cards if he hadn't earned the two-point penalty.

After the first biting incident, Holyfield yelled in disgust, pulled away and jumped up and down several times in rage as he showed his ear to Lane. Holyfield's corner protested throughout the ensuing delay, and they had only to wait seconds before Tyson acted up again. "The first time, my corner told me to just keep cool," Holyfield said. "Then he spit his mouthpiece out and bit me again."

After the second bite, Holyfield screamed something at Tyson, who yelled back and gestured for Holyfield to come and get him. Holyfield surged at Tyson, the two exchanged big shots in the middle of the ring, then the third-round bell rang.

With the round was over, Lane marched to Tyson's corner and waved off the fight as the crowd roared in outrage while watching the large-screen replay of the first bite.

■ Gunfire Heard After the Fight

Thousands of people panicked when shots rang out at the MGM Grand Hotel following the Holyfield-Tyson fight, The Associated Press reported from Las Vegas.

A Nevada Highway Patrol spokesman, Steve Harney, said no one was wounded during the 10:30 P.M. shooting. The police sealed off a two-block-long strip of Tropicana Avenue to try and disperse the crowd.

Worker Gives Eerie Gift to Holyfield

The Associated Press

LAS VEGAS — A hotel worker gave Evander Holyfield a present after his fight with Mike Tyson — the piece of Holyfield's ear that Tyson bit off in the third round.

Mitchell Libonati went into the ring after the fight ended in chaos after the third round and found the piece of ear on the canvas. He wrapped it in latex gloves and took it to Holyfield's dressing room, where he told the boxer's trainers, "I have something he probably wants."

Libonati described the ear as "not bloody, like a piece of sausage."

Holyfield was taken to a hospital after the fight, where surgeons were expected to try and repair his ear. It was not known if they would use the part Libonati found. "All I wanted out of it was to meet Evander," said Libonati, who worked the fight as a glove cutter and ring cleaner.

Argentina Stops Boys From Brazil

High-Scoring Favorite Falls in World Youth Cup

Compiled by Our Staff From Dispatches

Brazil's goal-scoring spree at the world youth soccer championship came to a halt Sunday in Kuching, Malaysia, when it lost, 2-0, to Argentina, the defending champion, in the quarter-finals.

Argentina defended for most of the match, then struck twice in the last 10 minutes with goals by the substitutes Lionel Scaloni and Martin Perezlindo. That knocked out Brazil, which had scored 10 goals in each of its previous two games in the world under-20 championship.

Adailton Martins, who had scored 10 goals in the tournament, and Alex De Souza missed easy scoring opportunities as Argentina weathered the Brazilian attacks. Then, on a rare breakaway in the 81st minute, Argentina put the ball where Brazil hadn't — in the net.

Scaloni, who had come on in the first half after an injury to the captain Diego Markic, beat the Brazilian goalkeeper, Marcelo Moreira, with a stunning shot from a narrow angle.

Perezlindo, who replaced Diego Quintana, converted a pass from Pablo Aimar in the last minute to seal Argentina's victory.

"I don't know if we deserved to win," said Scaloni. "We're through and, lamentably for Brazil, they're not.

Soccer Roundup

They played a great game and I wouldn't like to be in their position."

Jose Nestor, the Argentina coach, said, "We had two chances to score and we took them."

And Antonio Barroso, the Brazilian coach, said, "In football there is no fairness but only a winner and a loser."

In the next round Argentina faces the Republic of Ireland, which beat Spain, 1-0, in Shah Alam near Kuala Lumpur. Ghana faces Uruguay on Wednesday in the other semifinal in Johor Bahru.

Ghana, which won the World under-17 title two years ago, beat Japan with a golden goal from the striker Peter Ofori-Quaye six minutes into extra-time. The two sides were level at 1-1 at full-time.

The Japanese striker Atsushi Yanagisawa had scored his fifth goal of the tournament to equalize Joseph Ansah's eighth-minute goal.

Uruguay beat France, 7-6, in a penalty shootout in Shah Alam. France had taken the lead with a goal by David Trezeguet in the 27th minute. Uruguay drew level with a strike by Nicolas Olivera, in the 68th. France held the advantage for most of the game but was unable to score. After extra time, the match went to penalties. It was the first shootout of the tournament.

France began the shootout badly when goalkeeper Mickael Landreau's kick was saved by Gustavo Munua. But Uruguay's second shot by Walter Coelho then hit the bar. Each team converted six penalties before Munua saved against Nicolas Anelka of France and Carlos Diaz scored for Uruguay.

Spain, which had won all three of its group matches, could not crack the tough Irish defense. Trevor Molloy, who started despite a thigh injury, scored the match-winner with a penalty five minutes after half-time and was then promptly replaced by Stephen Murphy.

WORLD CUP Uzbekistan beat Cambodia, 4-1, in Phnom Penh on Sunday to finish at the top of Asian Group 5 and advance to the second Asian round of qualifying for the 1998 World Cup.

Uzbekistan has one group game left, against Yemen, but cannot be caught.

Kazakstan also advanced. It beat Iraq, 3-1, in Almaty on Sunday to clinch first place in Asian Group 9.

Japan moved a step closer to a first appearance in the World Cup finals when it drew, 1-1, with Oman in Tokyo on Saturday to clinch first place in Group 4.

Japan took the lead with a first half header by Hidetoshi Nakata but Oman substitute Maidi Fatah Samir leveled in the 64th minute.

COPA AMERICA Luis Hernandez scored his sixth goal of the Copa America as Mexico beat Peru, 1-0, in the third place play-off in Oruro, Bolivia, on Saturday.

Hernandez settled the game with an 81st minute header that also put him two goals clear of Brazil's Ronaldo as the competition's top goalscorer.

SPAIN Luis Figo scored five minutes from the end of extra time to give Barcelona a 3-2 victory over Real Betis in the Spanish Cup Final in Madrid on Saturday.

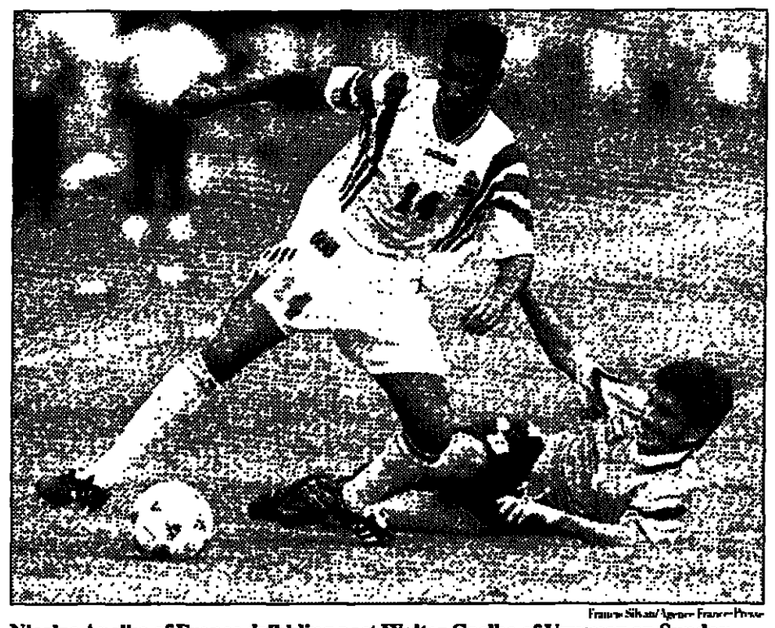
It gave the Catalan club a record-equaling 23d Cup victory. Athletic Bilbao has also won the Cup 23 times.

The victory brought to an end Bobby Robson's year as Barcelona's coach. Robson has another year left on his contract with the club, but he has already said he will not stay on in his present role.

Barcelona was outplayed for much of the match and twice trailed.

Alfonso Munoz put Betis ahead after 11 minutes. After a bruising first half, Figo equalized in the 43d minute.

Finidi George put Betis ahead again in the 82d minute, but three minutes later Juan Pizzi scored Barcelona's second equalizer.



France Silvan/Agence France-Presse

Nicolas Anelka of France dribbling past Walter Coelho of Uruguay on Sunday.

British Lions Win Series in South Africa

Compiled by Our Staff From Dispatches

Stout defense under extreme pressure and the accurate boot of Welsh fullback Neil Jenkins gave the British and Irish Lions only their second series victory in South Africa.

The Lions spent much of the match defending on their own goal line in Durban on Saturday. They were outscored by three touchdowns to none but won the match, 18-15.

The Lions rallied from 15-9 behind with under half an hour left to win the test.

Rugby Union Roundup

Jenkins, who kicked five penalties out of five, brought the Lions level and then English center Jeremy Guscott coolly slotted a drop goal three minutes from time to give the Lions the victory.

The Lions won the first test, 25-16, in Cape Town a week ago. The final test is in Johannesburg, July 5.

The Lions withstood a furious, relentless and direct onslaught from the Springbok forwards that produced well-taken tries from scrumhalf J. Westhuizen, debutant Percy Montgomery and fullback Andre Joubert.

But Montgomery, Joubert and flyhalf Henry Honiball between them missed every South African kick at goal. Where the South Africans conceded a penalty nearly every time the Lions crossed half way, the Lions, under far more intense pressure, conceded very few. The South Africans had six kicks at goal — three penalties and three try conversions — and missed them all.

Honiball, who produced some telling tactical kicking in the second half, missed two penalties in the first seven minutes after South Africa pulled ahead with some powerful driving and the Lions took the lead in the 17th minute when Jenkins kicked a penalty from just inside the Springbok half. Ten minutes before the break he added a second.

South Africa hit back when van der Westhuizen burrowed over the line from close range for a try. Montgomery missed the conversion, but at the start of the second half he scored the try that gave South Africa the lead. Jenkins then kicked his third penalty but Joubert shrugged off John Bentley and then Jenkins to score South Africa's third try.

Joubert missed that conversion and after Jenkins leveled the score, the Lions finally mounted a threatening attack that ended with Guscott kicking the winning points.

Asked how good he thought the Lions were, Carel du Plessis, the South Africa coach, could only offer: "You have to credit them for staying in the match."

Australia 25, France 19 Australia's coach, Greg Smith, said his team had done the French a favor by beating them in the second and final test in Brisbane on Saturday.

Smith, who had accused French players of repeatedly breaking the offside rules and illegally trying to spoil their opponents' possession, said they could learn from their experience.

"I know they have reacted fairly angrily to what I said, but we are trying to do them a bit of a favor," he said.

Australia, which won, 29-15, in Sydney a week earlier, took a 17-0 lead in the first 20 minutes with tries by prop forward Richard Harry, winger Ben Tune and center Jason Little.

Thomas Castaignede replied with France's only try in the 36th minute. Christophe Lamaison converted that and kicked five penalties, but Australia defended well late on to protect its lead.

Referee Clayton Thomas twice warned the captains about rough play. In the worst incident, Troy Coker and Fabien Pelous wrestled each other to the ground before the Australian landed several punches to his opponent's head.

"When you've got someone's knuckle buried in your eye socket, the first thought is self-preservation," Coker said.

New Zealand 62, Argentina 10 The All Blacks scored nine tries, by nine different players, as they beat Argentina in the second test in Hamilton, New Zealand, on Saturday. *(AP, Reuters, AFP)*



Reuters

Jeremy Guscott, who kicked the winning goal, celebrating victory.

THIS WEEK ON EUROSPORT

The Tour de France is one of the greatest spectacles in world sport, who can replace Miguel Indurain as the 'King of the Tour'?



Cycling:

5 - 27 July, LIVE, The Tour de France
198 riders line up in Rouen for the start of the greatest cycle race in the world

Football:

30 June - 5 July, LIVE, The FIFA Under 20 World Championship
As we reach the final week of the Championship, the battle is on to see who will replace Argentina as World Champions

Basketball:

30 June - 6 July, LIVE, The Menis European Championship, Spain
The 30th European Championship brings together the cream of European basketball in Barcelona

Athletics:

2 July, LIVE, IAAF Grand Prix 1, Lausanne
Lausanne always attracts one of the strongest fields of the year

Motorcycling:

4 - 6 July, The Italian Grand Prix, Imola
As we reach the half way point of the season Michael Doohan will be looking to tighten his grip on the Championship

Eurosport, the No 1 sports TV channel for Europe, covering the best action from Europe and around the world, is available via cable and satellite.

BASKETBALL Keys to the Vault for Free Agents Ewing and Jordan p.20 **SOCCER** Boys From Brazil Are Beaten p.21

Herald Tribune
SPORTS

PAGE 22 MONDAY, JUNE 30, 1997

WORLD ROUNDUP

Goosen Wins Easily

GOLF Retief Goosen double bogeyed the final hole Sunday but still won the French Open by three strokes.

Despite going into the lake on the last hole, Goosen won his second European Tour title by three strokes. The 28-year-old South African never trailed after his second shot on Thursday's first round found the hole for an eagle two before the rain interruptions forced a two-round final day.

Goosen shot two-under-par 70 in both rounds Sunday for a 17-under total of 271 on the National golf course near Paris, three better that England's Jamie Spence. *(AFP)*

Thai Keeps Title

BOXING Thailand's Pitchit Siriwat defended his WBA junior flyweight championship with a 12-round unanimous decision over South Korean Lee Sang-chul in Bangkok on Sunday.

Pitchit dominated much of the 12-round bout with punishing uppercuts. It was his first defense of the title he won in December. *(AP)*

• Herbie Hide of Britain pounded American Tony Tucker to defeat in the second round to win the vacant World Boxing Association heavyweight title in Norwich, England, on Saturday. *(Reuters)*

Turkey Beats Israel

BASKETBALL Turkey opened the second round of the European championships with an 81-71 victory over Israel in Gerona near Barcelona on Sunday. In the other second-round group, six Yugoslavs scored in double figures as their team beat Germany, 88-73, in Badalona. *(Reuters)*



Sergio Perez/Reuters

Henning Harnisch of Germany dunking against Yugoslavia.

Red Wing Out of Coma

ICE HOCKEY Detroit Red Wing Vladimir Konstantinov and the team's masseur are emerging from comas, doctors said Sunday.

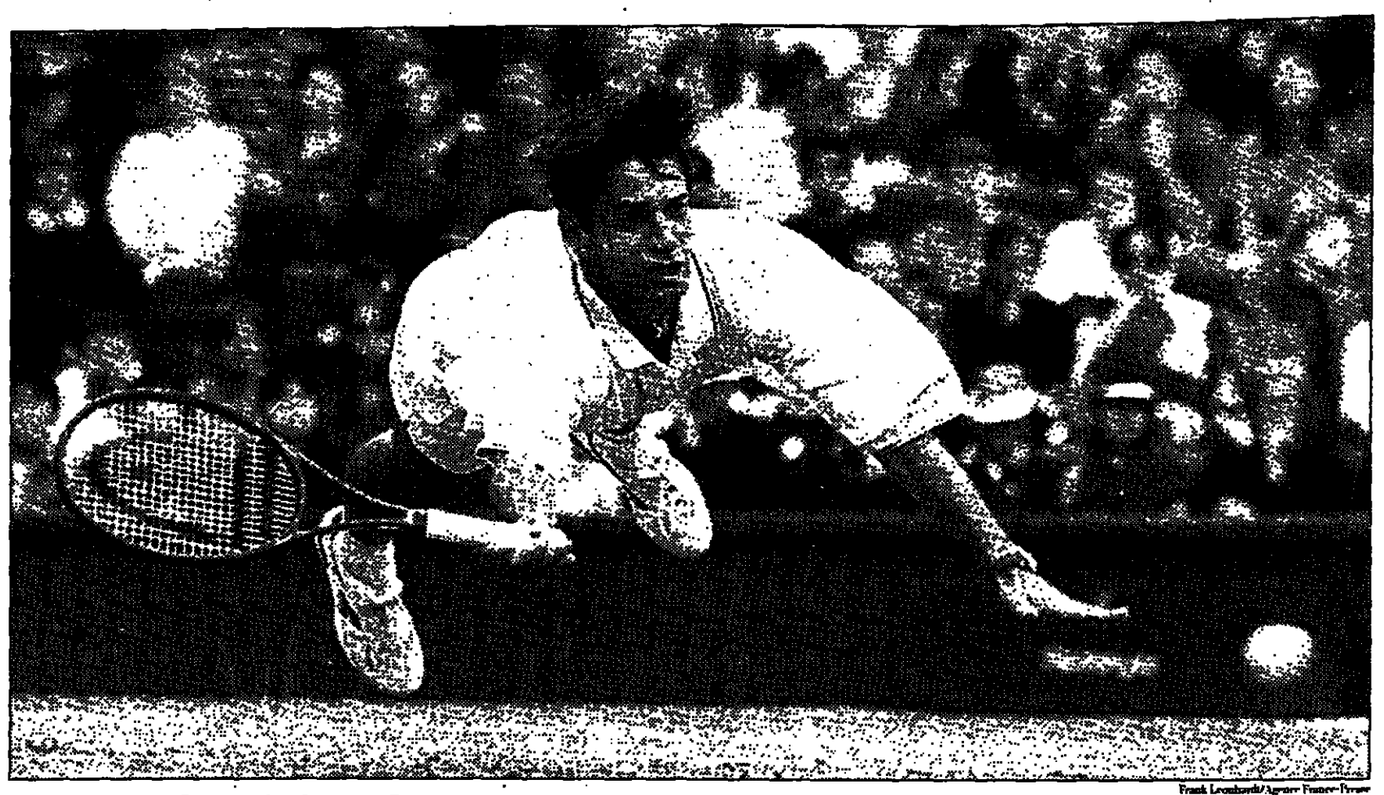
Konstantinov and Sergei Mnatsakanov have been upgraded to serious condition. They had been listed in critical condition since June 13 — six days after the Red Wings won the Stanley Cup — when the limousine they were in crashed into a tree.

Konstantinov is able to open his eyes, sit in a special chair for a few hours a day and is "more wakeful" in the presence of his wife, Irina, said Dr. James Robbins. *(AP)*

Desert King Wins Irish Derby

HORSE RACING Desert King, winner of the Irish Guineas 2,000 last month, completed a Classic double for Irish trainer Aiden O'Brien by winning the Irish Derby on Sunday.

The favorite, Silver Patriarch, shared the lead with The Fly for most of the 1½-mile race. But Desert King came from the middle of the pack and swept past the slowing leaders. He finished a half-length ahead of Dr. Johnson, with French entry Loup Savage third. *(AP)*



Frank Leonhardt/Agence France-Presse

Javier Sanchez of Spain diving for a ball Sunday against Yevgeni Kafelnikov of Russia at Wimbledon. Kafelnikov won the match, 6-2, 4-6, 6-3, 6-4.

Victory for Henman, the People's Choice

By Ian Thomsen
International Herald Tribune

WIMBLEDON, England — The great tournament, almost drowned, abandoned for days to the elements, was startled awake by 27,500 previously uninvited observers. Wimbledon proceeded to amaze experts by jumping out of its sickbed and then — against its better judgment — cheering, chanting, occasionally berating and altogether driving Tim Henman through one of the most extraordinary matches.

Henman, a Briton and the No. 14 seed, beat Paul Haarhuis of the Netherlands, 6-7 (7-9), 6-3, 6-2, 4-6, 14-12 — a victory of the people, by the people, for the people. Most of the people at

WIMBLEDON

Center Court had spent Saturday night sleeping on the public walks in a line five miles (eight kilometers) long, leading up to the usually impenetrable gates of the world's oldest tennis tournament.

They had come because Wimbledon had no choice but to let them in. Two days in a row had been washed out entirely by rain for the first time since 1909. For only the second time in 111 championships, the gates were thrown open for a maximum of £15 ($24) a customer, regardless of his or her family connections. As a result, those who came really wanted to be there.

They attached themselves to an overachieving 22-year-old from Oxford with one title in his young career. If Henman somehow becomes the first Englishman to win Wimbledon in 61 years, he will know whom to thank.

All-told, four British men had made it to the third round as of Sunday, an open-era record at Wimbledon, and one better than the surviving group of Americans. The continuation of that success was built step by step as the gates were opened for a "People's Sunday" for the first time since 1991, which many believed to have been Wimbledon's finest, most enthusiastic day.

This time things did not run as promisingly. The fans began streaming through slowly at 10 A.M., held up by security searches, and when No. 3 Yevgeni Kafelnikov of Russia began play an hour later with a four-set victory over Javier Sanchez of Spain, half the seats at Center Court were still empty. Across the grounds only a couple thousand were watching No. 9 Mary Pierce beat another Spaniard, Virginia Ruano Pascal, in straight sets.

On one of the corner courts, where No. 3 Jana Novotna was winning a difficult 6-1, 4-6, 6-4 over a Russian — No. 24 Elena Likhovtseva — there were maybe 200 people. Every hour was precious to those who had spent the night waiting, though the All England Club doesn't really like the idea of the common people taking over. Never mind their statements to the contrary.



Lynne Sladky/The Associated Press

Lindsay Davenport suffering during her loss to Denisa Chladkova.

As Henman was fighting for his country on Center Court, Greg Rusedski was beating a fellow Briton, Andrew Richardson, 6-3, 6-4, 6-4, in a third-round match on court No. 1. The crowd gave the louder support to Rusedski, affirming him as a true Brit after his immigration from Canada just a few years ago.

Outside Center Court in the late afternoon, many spectators stood around watching play on the smaller courts with blank stares. The night before was starting to catch up with them, and, for one example, they had little to cheer for personally as Magnus Norman of Sweden was losing to Brett Steven of New Zealand, 6-7 (7-9), 6-2, 6-3, 6-1.

On Saturday, Norman had upset No. 2 Goran Ivanisevic, 6-3, 2-6, 7-6 (7-4), 4-6, 14-12, despite a Wimbledon-record 46 aces by the Croatian. In the fifth set Norman had suffered an irregular heartbeat, which he must deal with from time to time, and required medical attention on court as he clutched his chest.

This was the same Norman who knocked Pete Sampras out of the French Open a few weeks ago. He was unable to consult with his doctor before losing in the third round to Steven. Every few minutes his audience would look away from him toward Center Court, and the scoreboard that described the cheering and groaning inside.

Henman created the groaning in the first set, when the support seemed too much for him to carry. He wasted a sextet of set points, double-faulting on three of them before Haarhuis broke him to take the lead.

The 31-year-old Dutchman seemed more comfortable than Henman. In the 1991 U.S. Open quarterfinals, Haarhuis had been in the same kind of difficulty during a four-set loss to Jimmy Connors. As he entered Center Court he took in the surroundings. When he left, almost four hours later, he did so without bowing to the Royal Box, so spent and upset was he. But then Henman forgot protocol too. It was that kind of day.

Henman had won the next two sets, then was overtaken and dragged by Haarhuis into a fifth set. The largest moment of Henman's career seemed beyond him when, in the seventh game, he badly jerked an overhead into the net to lose serve. Three games later, Haarhuis was serving for the match.

The two players were sitting in their chairs, pretending to be oblivious as the crowd chanted "Henman, Henman." When play resumed the emotion spilled over onto the grass court more severely than any number of days' rain. There was yelling as Haarhuis served, cheering as he double-faulted twice in a row — once on match point, the only such chance he would earn.

Haarhuis played too quickly, driven under the currents of the British crowd, while Henman learned to surf. He broke back and they played another 16 games on serve, evenly, the equivalent of another set and a half under the most murderous circumstances.

This was tennis as it should be. There must have been cringing from members of the club, but their Centre Court is not a laboratory, and the players should not be scientists, their white clothes aside.

With a strong serve, Haarhuis beat back one match point by Henman in the 24th game. In the 26th Haarhuis missed his first three volleys. Three match points for Henman. He wasted no time passing Haarhuis down the line with a forehand and the enormous noise awakened the memory of Fred Perry, who never would have heard such a racket in his day.

Outside, elsewhere on the grounds, the other thousands could hear and they cheered, too, wearing their round purple stickers — on their foreheads, on their jackets: "I've Queued at Wimbledon 1997." The stickers were everywhere, on the stairs, along the paths, the walls. It's going to be hell to get rid of them all.

Declaring Queen Steffi Dead, Princess Hingis Marches On

By Ian Thomsen
International Herald Tribune

WIMBLEDON, England — After moving into the fourth round with little trouble, it was pointed out to No. 1 seed Martina Hingis that she was plowing through the Wimbledon field without the injured Steffi Graf, the seven-time champion, in her way. The 16-year-old Hingis would have none of it.

"If she's going to come back again, for sure it's not going to be the same Steffi as she was before," Hingis said after her own 6-1, 6-3 victory over the American Nicole Arendt.

"You could see it already now, that she didn't play as well as before. She's not the youngest player on the tour anymore.

"What she achieved, it's great, she won all the Grand Slams, and she had a great career. And if she's going to come back it's going to be very hard," Hingis went on. "For me, I can't really talk about it because her career is almost over and I'm at the beginning, so I don't really care because there are so many other players."

In the other half of the draw, No. 2 Monica Seles came back from a Saturday-night deficit to beat her American compatriot, Kristina Brandi, 5-7, 6-3, 6-3, on Sunday and advance to the third round.

No. 4 Richard Krajicek, the defending champion, beat David Rikl of the Czech Republic, 6-4, 6-3, 7-5. Krajicek will now meet No. 14 Tim Henman of Britain in the fourth round.

Michael Stich of Germany, the 1991 champion who is retiring this year, beat Justin Gimelstob of the United States, 6-3, 6-7 (5-7), 6-2, 7-6 (7-4), to reach the fourth round.

Schumacher Wins French Grand Prix

New Ferrari Engine Powers German to Victory Over Frentzen

The Associated Press

MAGNY-COURS, France — Michael Schumacher drove through both rain and sunshine Sunday to capture the French Grand Prix and open up a 14-point lead in the Formula One drivers' championship.

Schumacher used a new Ferrari engine and an old strategy to beat Heinz-Harald Frentzen, who drove a Williams-Renault, by more than 23 seconds. Eddie Irvine, also in a Ferrari, finished third.

"At the moment, Ferrari is a lot more competitive than they were at the beginning of the season, and Michael is the one to catch," Frentzen said.

Schumacher finished 72 laps of the 4.2 kilometer (2.6 mile) circuit in 1 hour, 38 minutes, 4.92 seconds. He averaged 185.6 kilometers an hour (115 miles an hour).

In the drivers' standings, Schumacher now has 47 points, ahead of Jacques Villeneuve with 33. Irvine is third with 18 points.

Schumacher shot ahead from the pole position, but his advantage early in the dry weather and then drove superbly when it rained late in the race. He said he decided not to change to wet-weather tires because he thought the rain might let up. "From my position, it was about nine laps to go when it started," Schumacher said. "I saw the sky was very dark, but clearing up further back, so I knew it would be a short shower."

On the 53d lap, Schumacher slipped off the track. But he controlled his car, got back onto the roadway, and still had a 37-second gap over Frentzen with four laps to go as the rain slowed.

"Overall, it was the right decision," not to take the time to change the tires, Schumacher said.

He went on to his 25th career Formula One victory, his third this season. He has won six times in a Ferrari.

Both Ferrari cars were using new model engines for the first time in a race.

The victory moved Schumacher into a tie with Jim Clark and Niki Lauda for fifth on the all-time Formula One victory list, one triumph ahead of the five-time world champion Juan Manuel Fangio. The leader is Alain Prost, with 51 victories.

Even in the rain, Schumacher was consistently faster than Frentzen. "Definitely, he was a lot quicker when it was raining," Frentzen said.

Villeneuve was fourth in a Williams-Renault, sliding on the final turn while trying to overtake Irvine. Jean Alesi was fifth in a Benetton-Renault. Schumacher's younger brother, Ralf, was sixth in a Jordan-Peugeot, almost a lap behind.

Several cars skidded in the last lap. Villeneuve slid off attempting to pass Irvine. Then he got back on the track in time to hold onto fourth place just ahead of Alesi.

David Coulthard, in a McLaren-Mercedes, was in fifth place entering the last lap but skidded off and finished seventh.

Ralf Schumacher also slid off. But his victorious brother, on his own last lap, let Ralf pass him just before finishing the race.

"I was really lucky to get the extra lap from Michael," Ralf said. "I owe him one. Or perhaps this is his birthday present for me tomorrow." The younger Schumacher turns 22 on Monday.

Last year's world champion, Damon Hill, skidded off on the first curve after the start, damaging his front wing. He returned at the end of the first lap and ended up finishing 12th, the last of the 12 cars that completed the race.

Hill won last year's French Grand Prix in a Williams-Renault.

"I am pleased we got a finish in," Hill said. "That is progress, I suppose." Hill has finished just two of eight races so far this year.



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